

REVENUE

ANNUAL REPORT 2000



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Seventy-Eighth Annual Report of the Revenue Commissioners for the year ended 31 December 2000 including progress on the implementation of Revenue's Statement of Strategy in accordance with the Public Service Management Act, 1997, presented to the Minister for Finance.

July 2001

TUARASCÁIL BHLIANTÚIL 2000

An Achta Tuarascáil Bhliantúil is seachtó ag an Coimisióirí Ioncaim don bhliain dár críoch an 31 Nollaig 2000, lena n-áirítear tuairisc ar dhul chun na cinn atá déanta chun an Ráiteas Straitéise acu a chur i gcrích faoin Acht um Bainistíocht na Seirbhíse Poiblí, 1997, arna cur faoi bhráid an Aire Airgeadais.

Iúil 2001



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Dublin Castle July 2001

CONTENTS

REVIEW OF THE YEAR	6
A NEW ORGANISATIONAL STRUCTURE	13
CHAPTER ONE YIELD AND PERFORMANCE	16
CHAPTER TWO ACCOUNTING FOR OUR PERFORMANCE	28
CHAPTER THREE SPECIAL INVESTIGATIONS AND PROSECUTIONS	36
CHAPTER FOUR COMPLIANCE, AUDIT AND ENFORCEMENT	42
CHAPTER FIVE QUALITY SERVICE DELIVERY	58
CHAPTER SIX OUR PEOPLE	70



TO SERVE THE COMMUNITY BY FAIRLY AND
EFFICIENTLY COLLECTING TAXES AND
DUTIES AND IMPLEMENTING IMPORT AND
EXPORT CONTROLS



REVIEW OF THE YEAR

The first year of the new millennium proved to be another eventful and challenging one for Revenue. Against the background of an increasingly changing and complex environment we continued to focus our attention on our core objective of revenue collection, while at the same time addressing other priorities, particularly the building of full public confidence in Revenue as an effective organisation which administers the tax system in an even-handed manner.

It was a year in which the economy continued to achieve remarkable levels of growth and in which employment levels remained very high. Net tax and duty receipts reached record levels yet again at £21 billion, including a sum of £173 million collected as a result of our look-back audit programme of the financial institutions.

The other work arising from the DIRT Inquiry continued with the publication of the Review of Revenue by the Department of Finance Steering Group and the Final Report of the Sub-Committee of the Public Accounts Committee early in 2001. We welcome the endorsement by the Review of our proposals for the restructuring of Revenue. Information on the restructuring was outlined in a special feature in our Annual Report last year. An update on progress with our restructuring project follows this Review of the year. We await the outcome of deliberations of the Minister for Finance and the Government on the issues regarding corporate governance and, in particular, the composition of the Revenue Board raised in the Sub-Committee's recent Final Report. During this period also we set about drawing up the framework for dealing with the problem, unprecedented in terms of scale, of the holders of bogus non-resident accounts.

During 2000 the organisation continued to provide the best possible customer services to the compliant taxpayer, against a background of huge growth in the taxpayer base, and to rigorously pursue and punish tax evasion. The past year has seen increasing success in prosecutions for serious tax offences and, in a few cases, jail sentences have been imposed. With the establishment of a new Prosecutions Division in Revenue over the coming months we are confident of bringing more cases of serious tax evasion before the Courts. This, together with the other actions we are taking, will demonstrate clearly that there is a price to be paid for tax evasion.

The work of the various Tribunals also continued throughout 2000. We are co-operating fully with them in accounting for Revenue's performance in various areas and we are also monitoring events generally as they unfold. We provide some further details of our involvement with the Tribunals in Chapter 2 of this Report.

The Revenue On-Line Service (ROS) was successfully launched during the year – the initial target of receiving £50 million during its first year of operation was actually reached within eight weeks of its launch. Almost €1 billion has now been paid through the system. The internet thus offers exciting possibilities for us and our customers. Recent research has in fact placed Revenue in the top three tax administrations worldwide for the delivery

of on-line interactive services. Using leading edge technology on another front, we advanced our consolidation of the taxpayer database by the addition of Value Added Tax to our Integrated Taxation Processing system (ITP). This key IT project, which is now nearing completion, will give us a fully integrated view of taxpayers' affairs and lead to more efficient operations through new and enhanced services.

During the year, extensive preparatory work was carried out to ensure the smooth introduction of a series of fundamental changes to the tax system. The scale of the changes involved is considerable, involving the introduction of tax credits, tax relief at source systems, the changeover to the euro, the change to the calendar year and arrangements for the intervening short tax 'year'. Taken together, this package of changes amounts to the biggest upheaval to our tax administration system since the introduction of self-assessment in 1988. We are confident that our extensive preparations across Revenue will continue to enable us to manage these significant challenges.

On the Customs front, we continue to play our part in the protection of national and EU frontiers. The increasing involvement of highly organised criminal gangs – frequently operating on a cross-national basis – has long been a feature of drug smuggling and is now also to be seen in the smuggling of tobacco products. Both activities attack the very fabric of our society. It was a successful year in the fight against these activities, with the seizure of almost £9 million worth of drugs and more than £18 million worth of tobacco products.

Considerable work was undertaken during 2000 in the development of our third Statement of Strategy. Extensive consultations with staff were undertaken, particularly through Focus Groups set up under the aegis of our Partnership Committee. The Statement sets out our stall on how we will meet the challenges which will arise as we begin one of the most critical periods in our history.

In sum, the year 2000 was a year of closure, of review and of renewal for Revenue. Closure in terms of the completion of a number of major tasks such as the look-back audits of the financial institutions; review in terms of processes such as the self-scrutiny of our organisational structures and the review of our organisation arising from the DIRT Inquiry; and renewal in terms of the advancement of our restructuring programme, the development of our Statement of Strategy, and radical innovation through technology. Much has been accomplished in a short period but we know only too well that so much more remains to be done.

Our thanks again to our staff, who have performed so admirably in a challenging year. They are the source of real strength and creativity at all levels. Against the background of the far-reaching changes underway in Revenue, we aim to provide our staff with responsive and imaginative Human Resource policies to build a modern and adaptive organisation which will provide all of us with a challenging and satisfying work environment.

Through our extensive renewal programme, outlined above, we are committed to strengthening our organisational delivery on targets and objectives, and enhancing the development and deployment of our people, as well as evaluating our performance more critically and deepening accountability. We are committed to carrying forward the process of improvement.

We are determined that, over the coming period, Revenue will position itself as a highly effective organisation providing excellent services to, and commanding the full confidence of, all its stakeholders.

DERMOT QUIGLEY
CHAIRMAN

FRANK M. DALY
COMMISSIONER

JOSEPHINE FEEHILY
COMMISSIONER

Dublin Castle,
July 2001.

ATHBHREITHNIÚ NA BLIANA

Bliain eile a b'ea an chéad bhliain den mhílaois nua inar tharla go leor imeachtaí suntasacha agus a chruthaigh dúshláin nua do na Coimisinéirí loncaim. Tráth a raibh an timpeallacht ag síorathrú agus ag dul i gcastacht, choinníomar linn ag díriú ar an mbunchuspóir atá againn, cánacha a bhailiú. Ag an am céanna thugamar aghaidh ar thosaíochtaí oibre eile, ar a n-airítear go háirithe, lánmhuinín a chothú i measc an phobail as na Coimisinéirí loncaim mar eagraíocht éifeachtach a riarann an córas cánach ar bhealach cóir cothrom.

Bliain a b'ea í freisin inar shroich cúrsaí geilleagair leibhéil fáis as an ngnáth agus inar sheas an fhostaíocht ag leibhéil an-ard. Tháinig na glanfháltais as cánacha agus dleachtanna go buaicleibhéil arís ag £21b ar a n-airítear £173m a bailíodh de thoradh ar chlár iniúchtaí siarfhéachana na bhforas airgeadais.

Lean an obair eile a d'éirigh as an bhFiosrúchán Cánach Coinneála (DIRT) ar aghaidh. Foilsíodh an tAthbhreithniú ar na Coimisinéirí loncaim a rinne Grúpa Stiúrtha na Roinne Airgeadais, agus Tuarascáil Deiridh an Fhochoiste de Choiste na gCuntas Poiblí go luath in 2001. Is cúis áthais dúinn gur mhol an tAthbhreithniú na tograí a bhí beartaithe againn chun an eagraíocht a athchóiriú. Thugamar tuairisc speisialta anuraidh inár dTuarascáil Bhliantúil ar an athchóiriú sin. I ndiaidh an Athbhreithnithe seo ar an mBliain, tabharfar léargas cothrom le dáta ar an dul chun cinn atá déanta maidir lenár dtionscnamh athchóirithe.

Táimid ag fanacht ar thoradh chomhchainteanna an Aire Airgeadais agus an Rialtais faoi na ceistanna a bhaineann le rialú corparáideach agus go háirithe le comhdhéanamh Bhord na gCoimisinéirí loncaim a ardaíodh i dTuarascáil Deiridh an Fhochoiste a tháinig amach le déanaí. Le linn na tréimhse seo freisin thosaíomar ag leagan amach an chreatlaigh chun déileáil leis an bhfadhb, atá gan réamhshampla i dtéarmaí scála, a bhaineann le sealbhóirí cuntas neamhchónaithe bréige.

Le linn 2000 lean an eagraíocht ar aghaidh ag tabhairt seirbhísí den scoth do cháiníocóirí comhlíontacha d'ainneoin an fháis ollmhóir ar líon na gcáiníocóirí, ag dul i ngleic go tréan le himghabháil cánach agus ag gearradh dianphionós ina leith. Sa bhliain seo caite, d'éirigh linn níos fearr de réir a chéile ionchúiseamh a chur i bhfeidhm i leith coireanna móra cánach. Gearradh téarmaí príosúntachta i roinnt bheag cás. Tá sé beartaithe againn rannán nua ionchúisimh a bhunú sna míonna atá romhainn. Dá thoradh sin táimid dóchasach go bhféadfaimid cásanna imghabhála ar an mórchóir a thabhairt os comhair na gCúirteanna. Léireoidh sé seo agus ar ndóigh na gníomhaíochtaí eile atá ar siúl againn go bhfuil praghas le hóc as imghabháil cánach.

Lean obair na mBinsí éagsúla ar aghaidh freisin le linn 2000. Táimid ag comhoibriú go hiomlán leo maidir le tuairisciú fheidhmiúchán na gCoimisinéirí loncaim i réimsí éagsúla. Táimid ag faire freisin go grinn ar na himeachtaí éagsúla ina n-iomláine de réir mar a tharlaíonn siad. I gCaibidil 2 den Tuarascáil seo tugtar tuilleadh sonraí ar an mbaint atá againn leis na Binsí.

D'éirigh linn Córas Ar-líne na gCoimisinéirí (ROS) a lainseáil i rith na bliana. Bhaineamar amach an chéad sprioc iarbhrí – £50m a fháil isteach sa bhliain tosaigh dá fheidhmiú – laistigh de ocht seachtain tar éis na lainseála. Tá beagnach €1b íoctha cheana féin tríd an gCóras. Mar sin, cuireann an tIdirlíon féidearthachtaí corraitheacha ar fáil dúinn agus dár gcustaiméirí. Go deimhin léiríonn taighde a rinneadh le déanaí go n-áirítear na Coimisinéirí loncaim i measc na dtír riarachán cánach is fearr ar domhan chun seirbhísí idirghníomhacha ar-líne a sheachadadh. Trí leas a bhaint as teicneolaíocht nua-eascartha i réimse eile chomhdhlúthaíomar tuilleadh ár mbunachar sonraí cáiníocóirí. Chuige sin chónascamar Cáin Bhreisluacha lenár gcóras Próiseála Cánachais Chomhtháite (PCC/ITP). Tá an t-eochairthionscnamh IT seo beagnach tugtha chun críche anois. Arna chríochnú tabharfaidh sé léargas comhtháite iomlán dúinn ar chúrsaí cánach na gcáiníocóirí agus cothóidh sé feidhmiú níos éifeachtúla trí sheirbhísí nua agus feabhsaithe.

I gcaitheamh na bliana tugadh ullmhúchán ar an mórchóir chun críche d'fhonn tabhairt isteach sraith athruithe bunúsacha ar an gcóras cánach a éascú. Is mór ar fad scála na n-athruithe. Baineann siad le tabhairt isteach creidmheasanna cánach, córais fhaoisimh cánach ag an bhfoinse, an tiontú ar an euro, an t-athrú go dtí an bhliain féilire, agus na socruithe don "bhliain" chánach ghearr idirthréimhseach. Arna gcur le chéile rinne an pacáiste athruithe seo an claochlú is mó ar ár gcóras riaracháin chánach ó tugadh isteach féinmheasúnú siar in 1988. Táimid dóchasach go leanfaidh an dianullmhúchán atá ar siúl againn ar fud na heagraíochta ag cabhrú linn na dúshláin tábhachtacha seo a láimhseáil.

Ó thaobh na gCustam de, déanaimid ár gcion ar bhonn leanúnach chun teorainneacha náisiúnta agus teorainneacha an AE a chosaint. Is fada atá buíonta coiriúla sáeagraithe ag feidhmiú ar bhonn méadaitheach – go minic ar scála idirnáisiúnta – i gcroílár smuigleála drugaí agus mar is léir anois freisin, táirgí tobac. Lonsaíonn an dá ghníomhaíocht seo an creatlach sóisialta féin. D'éirigh go maith linn i rith na bliana sa chath i gcoinne na ngníomhaíochtaí sin – gabhadh luach £9m beagnach de dhrugaí agus níos mó ná £18m de tháirgí tobac.

Ghlacamar méid mór oibre orainn féin le linn 2000 chun an tríú Ráiteas Straitéise a chur le chéile. Socraíodh comhairliúcháin fhorleathana leis an bhfoireann, go háirithe trí fhócas-ghrúpaí a bunaíodh faoi choimirce ár gCoiste Comhpháirtíochta. Leagann an ráiteas amach an cur chuige atá againn chun aghaidh a thabhairt ar na dúshláin nua-eascartha tráth a bhfuilimid ag cur tús le ceann de na tréimhsí is tábhachtaí dár stair.

I gcoitinne, bliain a b'ea 2000 a raibh cur i gcrích, athbhreithniú agus athnuachan mar phríomhghnéithe dá ghníomhaíochtaí:

- Cur i gcrích lena dtuigtear gur cuireadh i gcrích roinnt tionscnamh tábhachtach, mar shampla, iniúchtaí siarfhéachana na bhforas airgeadais;
- Athbhreithniú lena dtuigtear próiseálacha mar fhéinscrúdú ar ár struchtúr eagraíochtúil agus an tAthbhreithniú ar ár n-eagraíocht a d'éirigh as an bhFiosrúchán Cánach Coinneála; agus
- Athnuachan lena dtuigtear ár gclár athchóirithe a chur chun cinn, ár Ráiteas Straitéise a chur le chéile, agus athruithe bunúsacha a dhéanamh trí theicneolaíocht.

Tá cuid mhaith déanta cheana i dtréimhse ghearr ach is maith is eol dúinn go bhfuil a lán eile le déanamh fós.

Gabhaimid buíochas arís lenár bhfoireann faoina fheabhas is a d'fheidhmigh siad sa bhliain dúshlánach sin. Is iadsan an fhíorfhoinsé éifeachtachta agus cruthaitheachta ag gach leibhéal. Ag féachaint do na hathruithe forleathana atá á dtabhairt isteach againn tá sé mar aidhm againn polasaithe Acmhainní Daonna a chur ar fáil dár bhfoireann, a mbeidh solúbthacht agus samhlaíocht ag gabháil leo, d'fhonn eagraíocht nua-aimseartha oiriúnaitheach a thógáil a chothóidh dúinn uile timpeallacht oibre dhúshlánach a bheidh chun ár sástachta.

Trínár gclár fairsing athnuachana a luaitear thuas, táimid tiomanta ár gcumas eagraíochtúil a neartú chun ár spriocanna agus cuspóirí a sheachadadh, forbairt agus dáileadh na foirne a fheabhsú agus ina theannta sin ár bhfeidhmiúchán féin a mheasúnú níos grinne agus cuntasacht a dhoimhniú. Táimid tiomanta an próiseas feabhsaithe a chur ar aghaidh.

Tá rún daingean againn, thar an tréimhse atá romhainn, ár n-ionad a ghlacadh mar eagraíocht sháréifeachtach, ag soláthar seirbhísí den scoth dár gcustaiméirí agus ag cothú muiníne iontu as an eagraíocht.

DERMOT QUIGLEY
AN CATHAOIRLEACH

FRANK M. DALY
COIMISINÉIR

JOSEPHINE FEEHILY
COIMISINÉIR

Caisléan Bhaile Átha Cliath,
Iúil 2001.

A NEW ORGANISATIONAL STRUCTURE

INTRODUCTION

In our Annual Report for 1999, we highlighted Revenue's decision to embark on an ambitious programme of change in our organisational structure. This decision was taken following a root and branch review of our existing structures to ensure that we have the best possible fit between our strategies and how we organise ourselves. This review concluded that we must move our structure away from a traditional functional and individual taxhead approach to one which deals with customers in a more modern and holistic way. The process of implementing the changes has now begun.

OBJECTIVES OF RESTRUCTURING

The restructuring is designed to improve Revenue's effectiveness and efficiency, both by improving service to compliant tax and duty payers and facilitating a sharper and more focused response to non-compliance. We seek to achieve this by consolidating responsibility and accountability for all tax and duty payers in a new Large Cases Division and five new Regions. We will also streamline our National Office activities through the consolidation of key legislation and policy functions and the establishment of a central Operations Policy and Evaluation Division to evaluate performance and set standards. In addition, we will focus on key strategic issues such as tax crimes and managing the tax debt by establishing a new Prosecutions Division and a Debt Management Division. The report of the Steering Group on the Review of the Office of the Revenue Commissioners, undertaken following the Inquiry into DIRT conducted by the Committee of Public Accounts, was published in September 2000. It endorsed the findings of our internal review of structures and recommended their early speedy implementation.

COMMUNICATING THE CHANGES

The initial decision to proceed with restructuring was communicated to all staff in July 2000. This marked the first step in a communications initiative designed to fully inform all our staff of the restructuring and to allow for the greatest possible degree of involvement by staff at all levels in the process.

The initial communication involved a presentation by members of the Board and senior management team to Revenue's Partnership Committee and to trade union representatives. This was followed by a series of presentations and discussions involving the Board and senior management team in direct contact with every member of staff in the organisation. These sessions provided a first opportunity for staff to respond to the restructuring and resulted in many valuable proposals being made as well as issues of concern being identified.

It is intended that the process of communication will be continued and deepened throughout 2001. Focus groups will allow for input by staff at all levels to detailed aspects of the organisation design, and an ongoing process of consultation will take place with staff and their representative groups on all aspects of the changes.

IMPLEMENTING THE CHANGES

The rapid advancement of the new organisational structure within the lifetime of our Statement of Strategy for 2001 – 2003, which is being published in conjunction with this Report, will be a key corporate priority. This is a challenging objective. However, we are convinced that the timely implementation of the proposed changes is a vital element in ensuring that our organisation is able to continue to respond effectively to a rapidly changing environment.

The management of the restructuring programme is the responsibility of a Project Board under the Chairman, supported by five Project Teams, each responsible for developing specific areas of the new organisational structure.

The Project Teams are responsible for –

- the Large Cases Division
- the South-East Region
- the Prosecutions Division
- the Revenue Legislation Services Divisions; and
- the National Office.

These cross-Revenue Project Teams comprise staff at all levels. Following training, these initial five Project Teams have begun the first phase of their activity, developing the design of the new Divisions. The teams also have a vital communications role to play in keeping all staff informed of their activity and consulting widely with parts of the organisation affected by their work. External consultants have been appointed to assist in the work.

PHASED DEVELOPMENT

The first phase of change will involve the establishment of the Large Cases Division, the South-East Region, the Revenue Legislation Services Divisions, the Prosecutions Division and the initial advancement of the National Office structure. The South-East Region will act as a pilot area to tease out the issues involved in regionalisation and provide a blueprint which will assist the smooth implementation of the remaining Regions. The second phase will involve the completion of the new National Office structure in tandem with the roll-out of the remaining regions.

By the end of 2002 we intend to have much of the new structure substantially in place. It can be anticipated that the development of the Dublin Region, the largest and most complex, will continue into 2003.

CONCLUSION

Getting our organisational structure right is a vital element in ensuring that Revenue is equipped to meet the challenges of a growing and complex economy. However, we recognise that structure is only one element of our organisation and, to be effective, it must be supported by effective strategies and a well-trained, properly equipped, committed and motivated workforce to implement these strategies. Along with implementing structural changes, we will be seeking to ensure that all parts of our organisation are working together, and that Revenue delivers on its mandate and commands the confidence and respect of all its stakeholders.

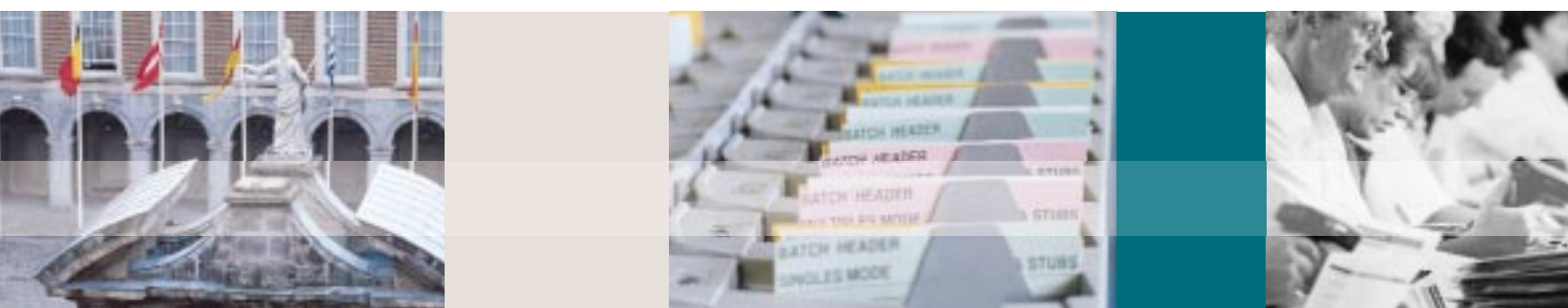


YIELD AND PERFORMANCE

CHAPTER ONE

GATHER

v. 1. to bring or come together. 2. to collect, to obtain gradually. 3. to collect as harvest.



INTRODUCTION

Gross receipts reached record levels of close to £28 billion in 2000, some £3.78 billion ahead of the 1999 level. When repayments to business and individuals as well as PRSI transfers to the Department of Social, Community and Family Affairs are taken into account, net receipts amounted to £21.4 billion, some £2.9 billion above the corresponding figure for 1999 and some £1.1 billion ahead of the 2000 Budget estimate. This represented a continuation of a remarkable period of revenue buoyancy. Targets for most taxes were exceeded. Gross Direct and Indirect Taxes receipts were, respectively, £620 million and £275 million ahead of Budget estimate, while Capital Taxes receipts were £255 million ahead of estimate.

TABLE 1: TOTAL AMOUNT COLLECTED/GROSS RECEIPTS

	2000	1999
Duties, Taxes and Levies	£m	£m
Customs	174	151
Excise	3,484	3,163
Value Added Tax	7,808	6,586
Capital Acquisitions Tax	181	155
Capital Gains Tax	616	362
Stamp Duties	884	739
Residential Property Tax	2	2
Corporation Tax	3,187	2,840
Income Tax	7,875	6,896
PRSI and Health Contributions and Employment and Training Levy	3,458	2,996
Total	27,670	23,891
Euro	€35,134	€30,336

Note: Any apparent discrepancies in totals are due to rounding of constituent figures

TABLE 2: TOTAL REVENUE/NET RECEIPTS

Duties, Taxes and Levies	2000 Net receipts	2000 Budget estimates	2000 Net receipts + or – budget estimates	1999 Net receipts
	£m	£m	£m	£m
Customs	163	149	+14	144
Excise	3,484	3,487	-3	3,163
Value Added Tax	5,881	5,617	+264	4,895
Capital Acquisitions Tax	176	146	+30	151
Capital Gains Tax	609	390	+219	356
Stamp Duties	858	854	+4	719
Residential Property Tax	2	–	+2	1
Corporation Tax	3,060	3,127	-67	2,711
Income Tax:				
PAYE	5,586	5,479	+107	5,225
Income Tax from Self-Employed and certain other non-PAYE sources:				
Direct Payments	1,050	797	+253	841
Less other non-PAYE repayments	(48)	(52)	+4	(53)
Net Yield (See footnotes)	1,002	745	+257	787
Deposit Interest Retention Tax	304	123	+181	127
Withholding Tax (fees)	147	108	+39	137
Dividend Withholding Tax	147	44	+103	30
Income Levy	0	0	0	0
Income Tax total	7,186	6,499	+687	6,306
Total	21,419	20,269	+1,150	18,447
Euro	€27,197	€25,736	+€1,461	€23,422

Note: Any apparent discrepancies in totals are due to rounding of constituent figures

Footnotes to Table 2

The VAT receipts in 2000 are composed of £6,947.9 million on internal VAT, £860.5 million collected on imports, less refunds of £1,913.5 million and £14 million respectively.

Income Tax from the Self-Employed: The gross figures for direct payments included in the table are adjusted to provide a more complete picture of the direct yield from the self-employed. This is necessary because the net yield under this heading takes into account tax repayments made to non-liaable individuals, charities, pension funds and foreign residents for tax deducted at source under various arrangements, or of tax credits attaching to company distributions. Such repayments are made out of tax paid by the self-employed and have the overall effect of reducing the net yield from that sector.

Deposit Interest Retention Tax: tax deducted from interest arising on bank and building society deposits.

Withholding Tax: tax deducted at source from fees for professional services provided to state agencies and to certain other designated bodies.

Dividend Withholding Tax: withholding tax on certain dividend and other profit distributions made on or after 6 April 1999 by companies resident in the State.

CUSTOMS DUTIES AND CAP IMPORT CHARGES

Customs Duties and Common Agricultural Policy (CAP) import charges are collected on a wide range of goods imported from non-European Union countries. Ninety per cent of the amount collected is paid to the EU, as part of the Irish contribution to the EU Budget known as 'Own Resources'. The remaining 10% is retained by the State as collection expenses.

In 2000 the amount collected on Customs Duties and CAP import charges came to £163 million, compared to £144 million in 1999 and a Budget estimate of £149 million. The higher amount collected is due to imports from outside the EU having been more buoyant than expected.

EXCISE

Excise receipts totalled £3,484 million, an increase of £321 million (10.1%) on 1999, reflecting continuing strong growth in consumer spending on excisable items, as well as the impact of the substantial Budget increase in Tobacco Duty.

Receipts in 2000 would have been £60m higher but for a delay in processing some payments due for Tobacco Duty at the end of December. In the circumstances, the 'real' outturn is £381 million (12.0%) ahead of 1999 and £57 million (1.6%) ahead of the Budget estimate.

The tobacco sector once again recorded a large year-on-year 'real' increase, yielding £136 million (20.1%) more than 1999 and £38 million (4.9%) more than was forecast for 2000.

The other exceptionally buoyant element was Vehicle Registration Tax (VRT), which exceeded forecast by £65 million (9.0%). Gross receipts for VRT amounted to £833 million, an increase of £187 million (29.0%) on 1999. For the fifth year running, the yield reflects another record year for new car registrations, which numbered over 231,000, i.e. more than 56,000 up on the 1999 record.

VALUE ADDED TAX

VAT receipts for 2000 amounted to £5,881 million. This figure was substantially up on the 1999 yield by £986 million (20.1%) and exceeded the Budget estimate by £264 million (4.7%), again reflecting continuing strong consumption buoyancy and underlying economic growth.

CAPITAL ACQUISITIONS TAX

Capital Acquisitions Tax comprises inheritance, gift, discretionary trust and probate taxes. The net yield in 2000 was £176 million, an increase of 17% over the 1999 figure of £151 million and an excess of £30 million (21%) over the Budget estimate. The increased yield, notwithstanding higher tax-free thresholds and a reduction in the rate of tax, reflects the continued buoyant economic conditions and the increase in asset values. On 6 December 2000 Probate Tax was abolished in respect of deaths occurring on or after that date.

CAPITAL GAINS TAX

The yield of £609 million from Capital Gains Tax in 2000 exceeded the Budget estimate by £219 million and was also up by £253 million on the 1999 outturn. Some £60 million of the excess can be attributed to the once-off effect of a number of large settlements. The balance can be attributed to increased activity, especially the ongoing impact of the reduction of the rate of tax in the 1998 Budget, insofar as that change released pent up investment funds and created an incentive for the acquisition of further capital assets.

STAMP DUTIES

In 2000, the yield from Stamp Duties amounted to £858 million, an increase of £139 million on the previous year and £4 million over the Budget estimate of £854 million. Stamp Duty on share transfers totalled £182 million, showing an increase of £4 million in comparison with 1999. The yield from property transfers increased by some 23% to £532 million.

CORPORATION TAX

While the yield from Corporation Tax in 2000, at £3,060 million, was £349 million up on the 1999 figure, it was £67 million lower than the Budget estimate. This is as a result of the combined effects of a number of once-off factors.

INCOME TAX

The net receipts from Income Tax in 2000 exceeded the Budget estimate by £687 million (11%) and were up £880 million on the corresponding figure for 1999. Ongoing sizeable increases in numbers at work, employee remuneration and buoyant tax payments by self-employed taxpayers were the main factors which influenced this outcome. The yield was further enhanced by the payments related to the £173.3 million liabilities determined as a result of the DIRT look-back audits of financial institutions.

CHART 1: INDIRECT TAX NET RECEIPTS

A total of £9,365 million was collected in net VAT and Excise receipts in 2000.

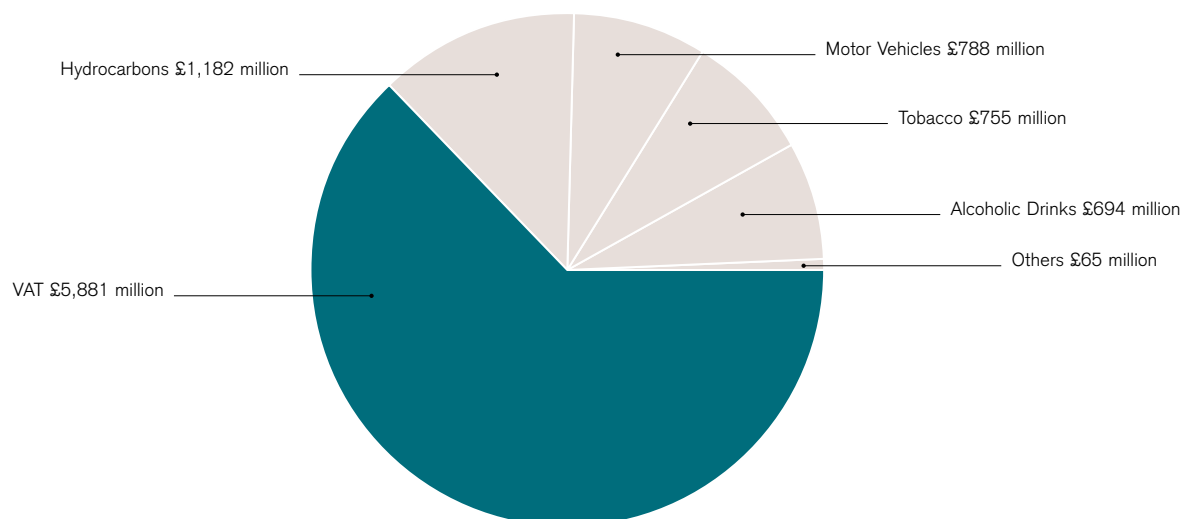
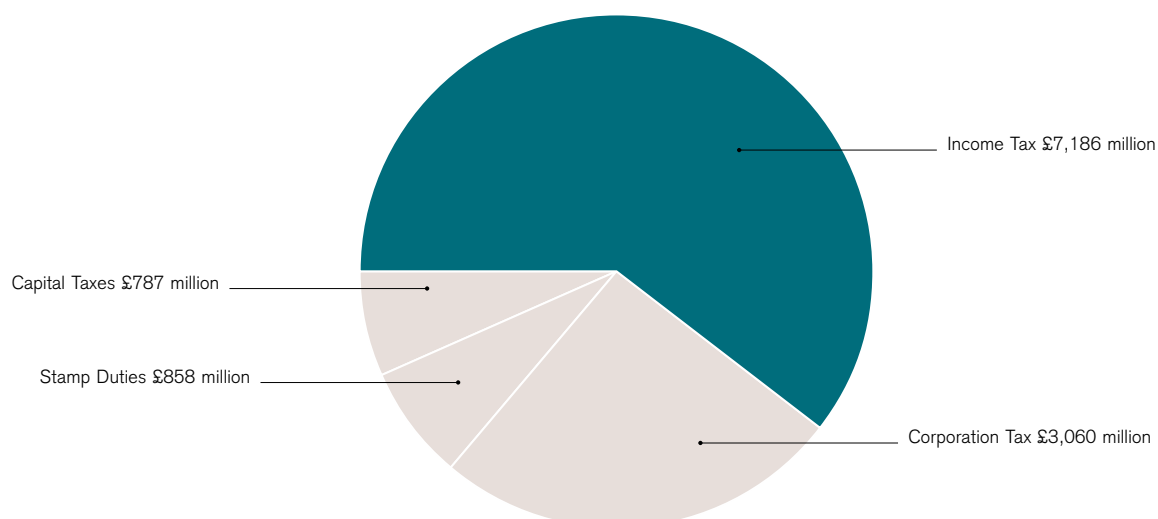


CHART 2: DIRECT AND CAPITAL TAXES RECEIPTS

A total of £11,891 million was collected in Direct and Capital Taxes receipts in 2000.

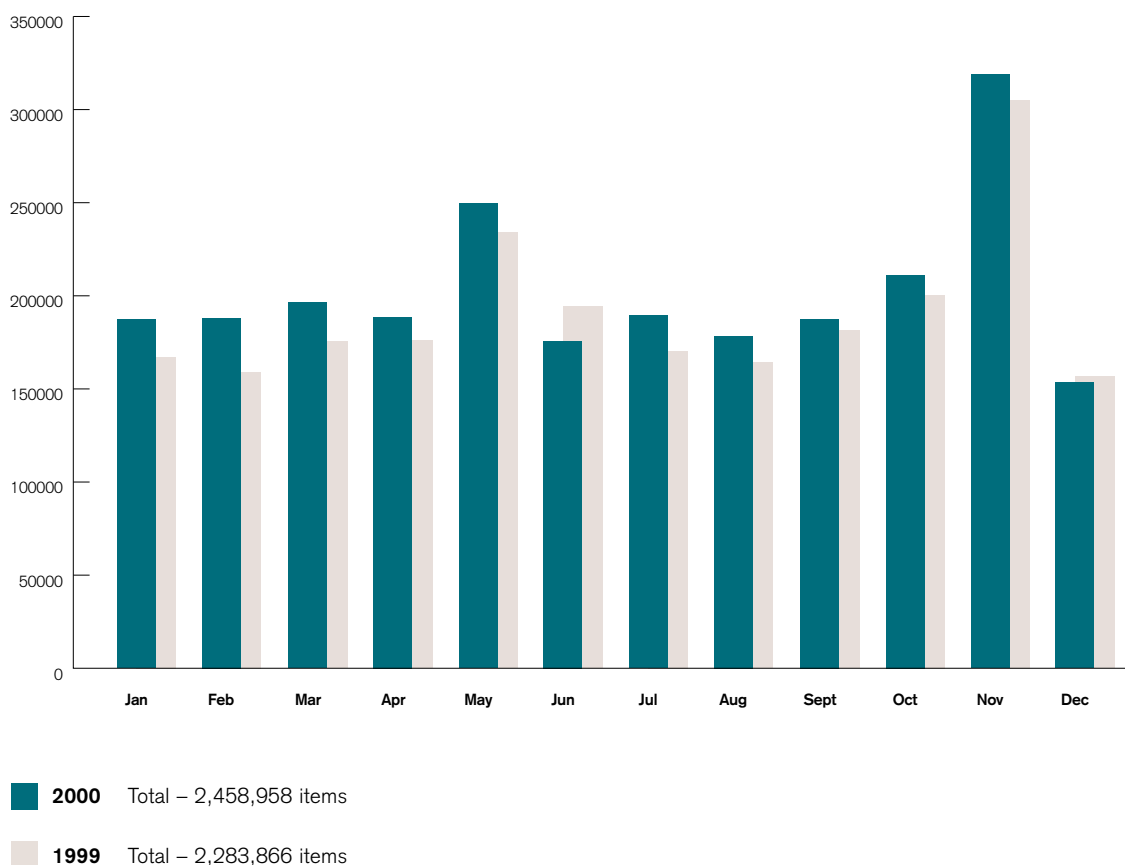


Income Tax comprises receipts from PAYE, Income Tax from the self-employed and certain other non-PAYE sources, Deposit Interest Retention Tax, Withholding Tax and Income Levy.

Capital Taxes includes receipts from Capital Acquisitions Tax, Capital Gains Tax and Residential Property Tax.

CHART 3: PAYMENT ITEMS TO THE COLLECTOR-GENERAL – 2000 v 1999

The largest amount of payments in a single day to the Collector-General was £1,114.8 million. The highest number of items processed in a single day by the Collector-General was 53,599.



DEBT MANAGEMENT

Revenue continued to progress its debt management in a manner directed at developing a culture of current compliance and minimising the accumulation of new debt. In the course of 2000, additional focus was placed on maximising the effectiveness of our collection caseworkers, with an extensive programme of in-service training in the techniques of collection. The use of enforcement options was particularly emphasised in this training, while placed in the context of the need for equitable treatment of taxpayers, and the requirements of customer service.

During the year, 813,856 collection activities were carried out by caseworkers. This represented an increase of 36% over 1999, and is ample evidence of our intention to maintain collection activity at the highest level practicable.

Notwithstanding the efforts made, there was a small net increase in the amount of total tax debt, which now stands at £1,176 million. The increase leaves the debt constant in terms of tax collection, at 4% of all collection, or 6% of the collection of direct taxes and VAT (in terms of which the debt ratio has traditionally been measured).

The increase in the level of debt in absolute terms has to be seen in the context of the huge surge in the volume and value of our business. The number of traders registered for VAT alone increased by 10% in 2000, while the value of our net tax collection rose by 18%. In this environment, it is inevitable that the amount which is in course of collection at any point must also increase. In recent years, Revenue has eliminated a large amount of historic debt which was artificial or otherwise uncollectible. While the process of eliminating artificial debt is ongoing, it has passed its peak. That process helped us to reduce the total debt dramatically, in spite of the increase in our business. The amount written-off in 2000 was £82.1 million, down from £88.3 million in 1999, and from £216 million in 1988. As a result, the underlying growth in business has now been reflected in an increase in total debt.

Following the striking progress in recent years in reducing the debt 'mountain', our new Strategy Statement 2001 – 2003 will augur a more sophisticated and intensive approach. We are making a commitment to eliminate all debt that is more than six years old, except where it is subject to proceedings that cannot be brought to a rapid conclusion, and to ensure that 75% of debt is less than three years old.

TABLE 3: TOTAL ARREAR AS A % OF TAXES COLLECTED (DIRECT TAXES AND VAT)

Year	Total Arrear	Net Taxes Collected	Total arrear as a % of taxes collected
1988	3,501m	6,100m	57%
1989	2,985m	6,242m	48%
1990	2,718m	6,763m	40%
1991	2,538m	7,247m	35%
1992	2,437m	8,037m	30%
1993	2,215m	8,524m	26%
1994	2,057m	9,427m	22%
1995	1,978m	9,870m	20%
1996	1,690m	11,468m	15%
1997	1,329m	12,794m	10%
1998	1,167m	14,295m	8%
1999	1,055m	16,722m	6%
2000	1,176m	19,718m	6%

TABLE 4: VOLUME OF BUSINESS

		% +/- 1999/2000
Number of Revenue Staff (including job-sharers)	6,205	+4%
Items Processed	Volume in 2000	
All Taxes		
Correspondence	5,053,139	+1%
Personal Callers	851,168	+4%
Telephone Callers	3,779,016	+4%
Page 'hits' on the Revenue website (www.revenue.ie)	7,784,253	+116%
Collector-General		
Number of payment items received	2,458,958	+8%
Value of payment items received	£22.1bn	+16%
Number of tax clearance certificates issued	60,641	+1%
Accountant General		
Number of VAT claims received	227,463	+3%
Value of VAT claims repaid	£1,895m	+14%
Income Tax		
Income Tax Self-Assessment		
Returns	288,290	0%
Repayments	157,008	+4%
P35 Returns		
Employers	171,000	+16%
Employments	2.7m	+13%
Number of Refunds	13,795	+12%
PAYE		
Employee Reviews	445,278	+6%
Returns	102,266	+1%
Number of exemptions granted to charitable/sporting bodies	353	+9%
Corporation Tax		
Returns	79,105	+9%
Repayments	18,364	+8%
Capital Gains Tax		
Returns	32,718	+14%
CG50s (Applications for Clearance Certificates)	12,334	-31%

Relevant Contracts Tax

C2s (Sub-contractor's certificates)	31,930	+13%
Repayments	55,373	+5%
C47s (Payment card authorisations)	196,171	+27%

Dividend Withholding Tax and International Claims

Correspondence	6,507	+12%
DWT Returns from Paying Companies	3,301	+229%
DWT Returns-distributions to individual shareholders	2,348,000	+159%
Number of Repayments to non-residents	6,090	+59%
Value of Repayments to non-residents	£23m	-38%

New Business Registrations

Income Tax	35,946	0 %
VAT	32,508	+6%
PAYE and PRSI	25,162	+6%
Corporation Tax	17,957	+30%
Relevant Contracts Tax	2,200	+15%

New Business Visits	5,036	-16%
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Customs and Excise Declarations

Number of Single Administrative Documents processed	935,917	+8%
Number of new and used vehicles registered	335,415	+18%
Number of INTRASTAT declarations processed	102,000	+1%
Number of VIES declarations processed	30,400	+13%
Inward Transit declarations processed	37,097	-4%
Outward Transit declarations processed	54,100	-17%

Vehicle Registration Tax

Number of new vehicles registered	292,645	+30%
Number of second-hand vehicles registered	42,770	-27%

Capital Taxes

Inland Revenue affidavits and Probate Tax Returns	16,000	-6%
Gift/Inheritance and Discretionary Tax Returns	15,000	+7%
Capital Acquisition Tax Certificates of Discharge	19,000	+6%
Applications for Residential Property Tax clearance certificates	2,900	-42%
Returns in relation to Companies Capital Duty and Composition Duty and Levies	8,000	+14%
Instruments presented for marking and stamping	400,000	+23%
Number of CREST refund claims received	39,312	+167%
Value of CREST refund claims repaid	£19.75m	+10%

TABLE 5: COST OF ADMINISTRATION AS A PERCENTAGE OF GROSS RECEIPTS

1996	1997	1998	1999	2000
1.10%	1.0%	0.98%	0.88%	0.81%
Gross Receipts				£24,210.4 million*
Cost of Administration				£197 million

*This figure does not include PRSI, Health Contributions, and Employment and Training Levy.

MAIN ACHIEVEMENTS AND INITIATIVES IN 2000

- The 2000 Budget target was exceeded by £1,150 million.
- The level of debt owed to Revenue remains at 6% of net collection notwithstanding the overall growth in tax revenue.
- Three successful prosecution cases for serious tax evasion were completed and four other cases were before the courts at the end of the year. Two convicted tax evaders are now serving terms of imprisonment.
- Revenue audits were carried out in 17,709 cases and yielded £309.8 million. Included in the yield is the amount of £173.3 million which resulted from 37 DIRT audits of financial institutions.
- A new programme of exemplary enforcement commenced. At the end of the year proceedings were underway to secure fourteen bankruptcy declarations and to enforce property sales in a further fourteen cases.
- Aggregate payments in the ongoing National Irish Bank and Ansbacher investigations reached £22 million and £6 million respectively in 2000.
- Collection enforcement through sheriffs and solicitors yielded £83.1 million, from more than 21,000 cases.
- The Customs National Drugs Team seized drugs with an estimated street value of £8.7 million and detained over £400,000 of suspected drug-related cash. Over 96 million smuggled cigarettes were seized by Customs Officers.
- The Department of Finance carried out a major review of Revenue during 2000. The review broadly endorsed Revenue's own plans for internal restructuring which are now in the process of being implemented.
- The Revenue On-Line Service (ROS) was launched in September 2000; this allows taxpayers to file certain returns and pay tax over the internet. To date, some £716 million in VAT and PAYE has been paid under the ROS system.

- VAT was incorporated into our new Integrated Taxation Processing system in April 2000.
- A major education programme for employers was put into place to highlight the change to a full tax credit system and the transition to a calendar year from 6 April 2001. An information video/CD-ROM was sent to all employers in preparation for the changes. Our programme to prepare businesses for the Euro continued.
- A new Performance Management and Development System for Revenue staff was launched in May 2000 as the latest phase in the Strategic Management Initiative for the Civil Service.
- New tax treaties with China, Bulgaria, India and Norway were signed in 2000.

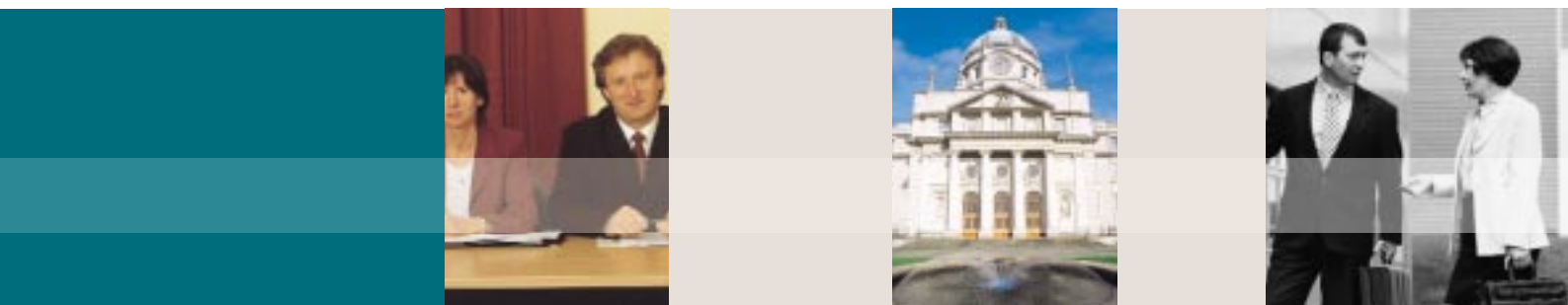


ACCOUNTING FOR OUR PERFORMANCE

CHAPTER TWO

EXAMINE

v. to look at, observe, analyse, consider, explore, inspect or review in order to learn about or from.



INTRODUCTION

The past number of years have seen a far-reaching development of accountability arrangements governing the conduct of public business in Ireland. The period has been marked by a strengthening of the role of Oireachtas Committees in reviewing the performance of public bodies, the establishment of special Tribunals of Inquiry and the development of the role of the Comptroller and Auditor General. A significant body of legislation has also been passed to underpin this development. Arising from this, Government bodies can be publicly called to account, in far greater depth, for how they have managed public business and served the community.

Revenue has been to the forefront of public bodies in accounting before a wide range of investigative bodies for its conduct of public business. In all likelihood, Revenue has attended more fora and given more evidence than any other public body. This is quite apart from reviews by a range of other independent bodies to which we are accountable for various aspects of our business, such as the Ombudsman, the Information Commissioner, and EU institutions.

Inevitably, meeting the requirements of these strengthened accountability arrangements imposes significant challenges and demands on Revenue, as on other public bodies. However, this is the reality of public business now, and into the future, in a modern open democracy. A significant part of Revenue's business will continue to be to report publicly on our handling of the tax affairs of the nation, to be challenged on how we are dealing with various matters, and to constructively learn from and respond to issues which emerge. Where issues arise in the course of investigation, Revenue will continue to respond openly and honestly, and to draw valuable lessons on where and how we need to improve. We can and must learn lessons from the past.

It is also fair to reflect that such external review can invigorate an organisation and support far-reaching change. The mandate for the programme of reorganisation of Revenue, proposed by senior management in Revenue and currently being implemented, has been given substantial added impetus and support by the Report of the Department of Finance Review Group established on foot of the recommendations of the Sub-Committee of the PAC which conducted the DIRT Inquiry.

TRIBUNALS

Against the background of this greatly enhanced accountability framework, Revenue continued throughout 2000 to co-operate fully with both the Moriarty and the Flood Tribunals. The Moriarty Tribunal (the Tribunal of Inquiry into payments to Messrs Charles Haughey and Michael Lowry) is of particular significance to us. Its terms of reference include:

- ascertaining whether Revenue availed fully of its powers in pursuit of the tax due by Mr Michael Lowry and Mr Charles Haughey, and
- making whatever broad recommendations it considers necessary or expedient for:
 1. maintaining the independence of Revenue, while ensuring the greatest degree of openness and accountability, consistent with the right to privacy of compliant taxpayers, and
 2. protecting the State's tax base from fraud or evasion through offshore accounts, and recommending whether or not any changes in tax laws should be made for this purpose.

During the year, numerous Revenue witnesses gave evidence before this Tribunal in relation to its handling of the tax affairs of both individuals. The Tribunal has also been examining an agreement made between Revenue and Mr Haughey in April 2000 on payment of tax in respect of payments identified by the McCracken Tribunal and reported on in our Annual Report for 1999. Evidence has also been given at the Flood Tribunal.

Apart from evidence given in public hearings, Revenue continues to co-operate fully with all requests received from the Tribunals in the course of their work.

PUBLIC ACCOUNTS COMMITTEE

The Public Accounts Committee (PAC) maintained its involvement with Revenue during the course of the year 2000. This arose at two levels: firstly, in its ongoing role with public bodies generally in pursuit of issues raised by the Comptroller and Auditor General on Appropriation Accounts; secondly, through the work of the PAC Sub-Committee in relation to issues arising from the follow-up to the Deposit Interest Retention Tax (DIRT) Inquiry.

The Revenue Chairman as Accounting Officer is responsible to Dáil Éireann for the proper expenditure of money from the Revenue Vote. The Accounting Officer is personally responsible for, among other things, safeguarding public funds and for the regularity and propriety of all transactions in the Appropriation Accounts. In this capacity, the Chairman appeared before the Public Accounts Committee on a number of occasions during 2000 to deal with matters arising from the Annual Report of the Comptroller and Auditor General on the Appropriation Accounts.

On 30 November and 1 December 2000, Revenue reported in public hearings to the Sub-Committee of the PAC investigating DIRT on the outcome of the look-back audits of financial institutions. The Sub-Committee had recommended also that a general review of Revenue be undertaken by a Steering Group chaired by the Department of Finance. The Report of the Steering Group was published in September 2000 and fully endorsed the proposals drawn up by Revenue for a major internal restructuring of the organisation. The Report also contained many recommendations in relation to our organisation at both operational and governance levels. Following consideration of the Report by the Sub-Committee of the Public Accounts Committee in early 2001, the internal restructuring, as proposed by Revenue, is now proceeding. Issues in relation to corporate governance and other areas are currently with the Minister for Finance and the Government for consideration in the light of the Final Report of the DIRT Inquiry.

ONGOING ACCOUNTABILITY FRAMEWORKS

Quite apart from exceptional investigations such as the Committee of Public Accounts Sub-Committee Inquiry into DIRT, or those conducted by Tribunals, Revenue is accountable to the Minister for Finance, the Government and the Oireachtas, and is subject to review by the Comptroller and Auditor General, the PAC and other Oireachtas Committees, the Ombudsman, the Information Commissioner and various institutions of the European Union. Of course, Revenue is also directly accountable to citizens themselves.

We welcome all opportunities to better account for our performance because, in doing so in an open and public manner, we seek to maintain and improve public confidence in the tax system, a major concern for us not least in the light of the disclosures of recent years. Consistent with this approach, we have developed a strong internal monitoring of our performance by our Internal Audit function. It has a focus on the economy, efficiency and effectiveness of Revenue's operations. The remit of the Internal Audit extends over all activities of the Office, including direct and indirect taxes, EU own resources (customs duty and import levies), and corporate support services. The work of the Unit is overseen by an Audit Committee, which is chaired by and largely comprises senior personnel from outside Revenue.

Paralleling the work of Internal Audit, a Value For Money Unit has also been established to identify and recommend to management ways in which the organisation's return for the resources that it employs in pursuing its objectives may be maximised. The Value For Money Unit monitors the adequacy of processes and procedures and the compliance with management controls. It analyses the relevance of the objectives and strategies in the area being reviewed within the overall context of Revenue strategies. The Unit has provided significant value in identifying areas for improvement and establishing ways of achieving change where deemed necessary.

FREEDOM OF INFORMATION

Subject to specified exemptions, the Freedom of Information (FOI) Act entitles members of the public to access records held by Government bodies and to reasons for decisions particularly affecting themselves.

Revenue received 372 requests under FOI in 2000. This compares with 511 requests in 1999. This fall in the number of requests reflects improved access to information outside FOI as well as our ongoing development of information systems, including our website.

TABLE 6: FREEDOM OF INFORMATION REQUESTS IN 2000

Requests received	372
Requests requiring decision	312
Full information released	131
Partial information released	122
Request for information refused	29
Requests on-hand at year end	30
Requests treated outside FOI/withdrawn/transferred	60
Requests for Internal Review	45
Internal Review decisions made	42
Original decision affirmed	25
Original decision varied	17
Original decision annulled	0
Reviews withdrawn/suspended	3
Appeals to the Information Commissioner	42
Decisions made by the Information Commissioner*	20
Decisions affirmed by the Information Commissioner	2
Decisions varied by the Information Commissioner**	15
Decisions annulled by the Information Commissioner	1
Settlement reached	2
Withdrawn	4

*This figure includes decisions made on cases appealed in 1999.

**This figure represents one primary case and fourteen consequential appeals.

Revenue is fully committed to implementing the FOI Act, subject only to necessary exemptions specified in the Act. These exemptions were designed, among other things, to protect the confidentiality of taxpayer information and the effectiveness of Revenue's audit and investigation operations.

Consistent with the obligations imposed by section 36(2) of the FOI Act, the Information Commissioner has recently undertaken a general review across a number of public bodies as to the arrangements each has in place for the management of FOI. Revenue, as one of the bodies involved, welcomes the opportunity to demonstrate its commitment in this area through its allocation of resources, its support systems and the level of services it provides to the public in implementing the FOI Act.

PROMPT PAYMENT OF ACCOUNTS ACT, 1997

Revenue has been implementing the Prompt Payments of Accounts Act since it came into operation on 2 January 1998. Payments for goods and services are being made by the prescribed payment date, with the exception of a very small proportion of cases (details of which are given below), where interest penalties have been paid in accordance with Section 4 of the Act.

Written contracts generally have payment periods of 30 days and no contracts are made for payment dates longer than 45 days, in keeping with the spirit of the Act.

We introduced a new integrated financial management system during 1999. Following from this, the number of late payments decreased in 2000, and we expect this downward trend to continue.

TABLE 7: PROMPT PAYMENT OF ACCOUNTS STATISTICS, 2000

Total value of all payments	£49,739,598
Total value of all late payments (Including payments of less than £250)	£1,193,486
Value of late payments in excess of £250	£1,159,572
Value of late payments as a % of total payments	2.40%
Number of late payments in excess of £250 (Invoice Value)	309
Amount of interest paid	£4,262
Amount of interest as a % of total payments	0.0086%
Broad indication of length of delays (Invoices in excess of £250)	Average delay – 16 days

INTERNAL REVIEW PROCEDURE

Taxpayers who are dissatisfied with Revenue's dealing with their affairs can have their case reviewed by an External Reviewer, acting in conjunction with Revenue's Director of Customer Services. This is quite apart from exercising a right of access to the independent Appeal Commissioners or to the Ombudsman. During 2000, there were 33 requests for this review procedure. In 25 such cases, the original decisions were confirmed and in 8 cases the decision was modified.

THE OMBUDSMAN

In 2000, 88 complaints relating to Revenue were made to the Ombudsman, compared to 132 in 1999. This accounted for less than 9% of the total number of complaints made against the civil service sector, notwithstanding the extent of Revenue's interface with the public. During the year, the Ombudsman finalised 84 complaints relating to this Office. The tables below analyse the complaints in more detail.

**TABLE 8: COMPLAINTS RELATING TO REVENUE MADE
TO THE OMBUDSMAN IN 2000**

Subject	No. of complaints
Income Tax	61
VAT/Inheritance/CGT	6
Customs and Excise	10
Stamp Duty	5
Failure to reply to correspondence	4
Other matters	2
Total	88

**TABLE 9: COMPLAINTS RELATING TO REVENUE COMPLETED
BY THE OMBUDSMAN IN 2000**

Outcome	No. of complaints
Not upheld	18
Withdrawn	2
Discontinued	13
Assistance provided to complainant	27
Partially resolved	6
Resolved	18
Total	84

**TABLE 10: COMPLAINTS RELATING TO REVENUE MADE
TO THE OMBUDSMAN, 1990-2000**

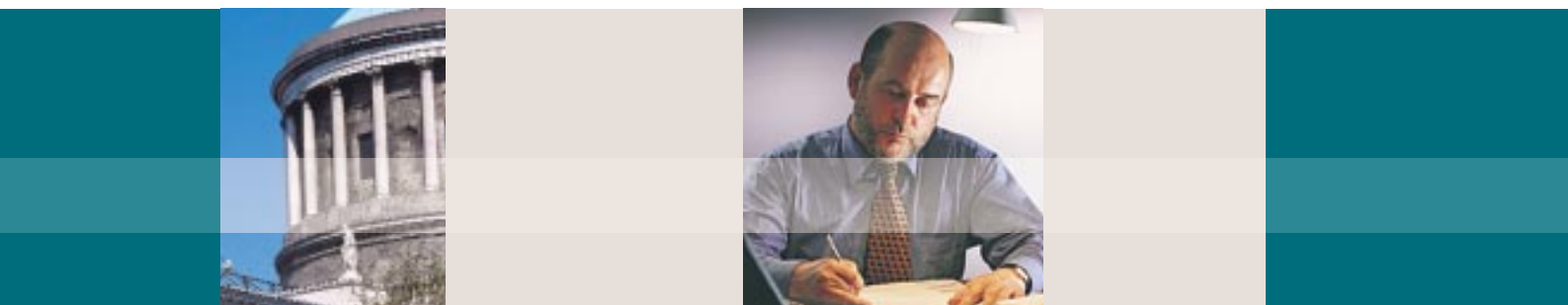
Year	No. of complaints
1990	185
1991	177
1992	168
1993	153
1994	161
1995	116
1996	138
1997	135
1998	123
1999	132
2000	88

SPECIAL INVESTIGATIONS AND PROSECUTIONS

CHAPTER THREE

INVESTIGATE

v. 1. to make a careful study of (a thing) in order to discover the facts about it. 2. to make a search or systematic inquiry, to examine.



SPECIAL INVESTIGATIONS

AUDITS OF FINANCIAL INSTITUTIONS

In its first report in December 1999, the Sub-Committee of the Public Accounts Committee recommended that Revenue undertake a full look-back audit (to April 1986) of each financial institution, to assess any DIRT liability and to recover any DIRT underpaid, together with interest and penalties. The Sub-Committee recommended that this audit programme be completed by 1 September 2000, with a report to the Committee by 1 November 2000. This audit programme had in fact already commenced in April 1999 using the powers introduced by the Finance Act, 1999.

The total amount of liabilities collected as a result of these look-back audits was £173,292,786. The figure is made up of: tax £70,566,547; interest £99,658,239; and penalties £3,068,000. A report of these results was made to the Public Accounts Committee on 31 October 2000. The outcome was discussed in the public hearings held by the Sub-Committee on 30 November/1 December 2000.

Full statutory interest was charged on DIRT arrears paid by deposit-takers for each of the tax years 1986/87 to 1998/99 included in the look-back audit. Because of the thirteen year look-back nature of the DIRT audits, deposit-takers were required to make very large payments of interest, in addition to the arrears of DIRT.

Civil penalties were also charged on the deposit-takers in accordance with the law. Because of a statutory six-year time limit, these penalties were confined to the years from 1994/95 to 1998/99. The penalty for failure to deduct DIRT is not calculated by reference to the amount of DIRT arrears found to be due, but is a fixed £500 penalty for each instance of failure to deduct tax from a payment made. In accordance with legal advice these 'per instance' penalties were paid in respect of accounts which were included in the samples examined and which were individually identified as incorrectly treated as being exempt from DIRT.

UNDERLYING TAX

In the course of 1999, Revenue had also committed itself, following the completion of the look-back audits, to moving on and looking at the position of depositors who may have had money – undeclared for tax purposes – hidden in these accounts. This is what has become known as the ‘underlying tax’ problem. The scale of the problem is clear from the fact that there could be somewhere in the order of 25,000 to 50,000 people who had bogus non-resident accounts.

The final report of the Sub-Committee of the PAC recommended that Revenue give consideration to dealing with the assessment and collection of underlying tax in a pragmatic and effective manner while safeguarding the tax revenue of the State. The Statement of Practice which we issued on 2 May 2001 sets out the arrangements we have decided upon, using our care and management powers.

NATIONAL IRISH BANK

Revenue continued investigations into ‘offshore’ investments made by 429 individuals under the National Irish Bank scheme. In 246 of these cases, enquiries were completed by 31 December 2000, resulting in the payment of tax, interest and penalties of £14.09 million. A total of £22.19 million has been collected to end of December, which includes £8.10 million paid on account in cases which have not yet been settled.

At December 2000, 13 of these cases were under investigation for possible prosecution through the Courts.

TABLE 11: SUMMARY RESULTS OF NATIONAL IRISH BANK INVESTIGATION

	2000	1999	1998	Total
Cases settled	51	145	50	246
Yield in settled cases	£m	£m	£m	£m
Tax	2.08	3.70	0.58	6.36
Interest	1.60	2.96	0.32	4.88
Penalties	1.13	1.48	0.24	2.85
Total	4.81	8.14	1.14	14.09*

* Payments on account in open cases at 31 December 2000 totalled £8.10 million.

ANSBACHER (CAYMAN) LIMITED

The Special Project Team established by Revenue is continuing to investigate the Ansbacher accounts. At present there are eight investigators engaged full-time in the operation, supported by a back-up team of twenty other officers. The work is time-consuming and detailed, since it entails examining the tax affairs of individuals and connected entities (including companies and trusts) as far back as the 1970s. Although the primary focus of the team is the Ansbacher accounts, other offshore activity has come to light in the course of the investigation.

As a result of four successful applications to the High Court under Sections 902A and 908 of the Taxes Consolidation Act, 1997 almost 65,000 documents have been received to date. Revenue's enhanced powers under Section 905 of the Act have also been used to obtain documentation. This documentation is controlled and managed using advanced investigative computer software.

As a result of investigations to date, a total of thirty individuals have paid £6 million. In seven further cases involving offshore investments or deposits a total of £1.3 million has been paid.

PICK-ME-UP SCHEMES

Revenue's investigation into the use of 'pick-me-up' schemes continued during the year. These schemes involved irregular tax arrangements in relation to financial support given to certain political parties. Under such schemes, the bill for an expense incurred by a political party for goods or services supplied to it was, by arrangement, invoiced by the supplier to another trader, who paid the supplier, on behalf of the political party. Such payments for political parties were not deductible for tax purposes, the relevant VAT was not reclaimable, and the invoices issued were not in accordance with legal requirements.

Revenue's investigations have shown that, while some traders treated their payments correctly for tax purposes, others did not, thereby understating their liabilities to Income Tax/Corporation Tax/VAT. Where the tax involved was small, it was decided to settle those cases on the basis of payment of the tax underpaid, plus full statutory interest, together with a monetary penalty based on the Code of Practice for Revenue Auditors. To date, 29 of these smaller cases have been settled, with payments as follows:

Additional Tax Collected	£39,729
Statutory Interest Collected	£29,203
Penalties Collected	£19,434
Total	£88,366

Payments on account of tax and statutory interest totalling almost £370,000 have also been received from a number of the larger cases involved. Investigations are continuing.

CAROUSEL FRAUD

Carousel fraud (in the Value Added Tax area), continues to be a major issue for EU Member States. It involves the use of the EU Intra Community rules for the acquisition, VAT free, of goods in one Member State and their disposal, with VAT charged, in another. It is characterised by the flow of invoices, with or without goods, within a chain across one or more borders. The essence of the fraud is that one or more links in the chain do not pay over invoiced VAT to the fiscal authority, while other parties in the chain receive refunds of VAT based on aforementioned invoices. Carousel fraud involves high value, low volume (easily moved) goods such as computer components and mobile phones. An effective response to VAT fraud, particularly carousel fraud, requires a high level of administrative co-operation, and joint operations between Member States. One such operation took place in Ireland and the UK in the spring of 1999. The Irish end of the operation involved the deployment of 19 staff. Simultaneous visits were made to 8 different locations, and documentation was secured for evidential purposes. On the same day, a similar operation was mounted in the UK where a number of suspects were arrested and documents were seized. Nineteen witness statements arising out of the Irish end of the operation were produced and several Revenue officers gave evidence at the resulting trial in the UK, which commenced in January 2000. A verdict was handed down in August 2000, and the main suspect was convicted and sentenced to 8 years imprisonment. The VAT at risk in this fraud was estimated at £20 million sterling.

PROSECUTIONS FOR SERIOUS TAX EVASION

Cases of serious tax evasion continue to be referred to Revenue's Investigation Branch for consideration of their suitability for prosecution. At the end of the year, 33 cases were under investigation with some at the point of referral to the Director of Public Prosecutions. In addition, there were 4 other cases before the Courts. Experience of tax prosecution work over the last 4 years indicates that the investigations are often complex and can, in some instances, take several years before reaching the Courts. Additionally, in some cases the number of Court appearances and adjournments runs into double figures before a verdict is delivered.

During the year, 3 convictions were secured in the Courts and one of these resulted in a custodial sentence. Although this was not the first case of tax evasion in which a custodial sentence was handed down, it was the first in which the investigation was fully carried out by Revenue officers under the more active prosecution policy for serious tax evasion. The following are the details of the cases:

- In February 2000 a company director was convicted of consenting or conniving at making an incorrect Corporation Tax return for his company. He was fined £750.
- In October 2000 a company director convicted of obtaining false VAT repayment claims was sentenced to two years imprisonment.

- In December 2000 an individual was convicted for making a VAT repayment claim based on a false invoice. He received a sentence of twelve months (suspended) in January 2001.

Three of the four cases which were before the Courts at the end of the year resulted in convictions in the early part of 2001. In one of those cases, an accountant and company director was convicted of making false PAYE returns and received a jail sentence of 2 years.

NEW PROSECUTIONS DIVISION

While the existing arrangements are working well, with an increasing number of cases being referred to the Director of Public Prosecutions, and subsequently reaching the Courts, we recognise that the changing public attitude towards tax evasion requires Revenue to build further on recent progress.

Last year, resulting from proposals made by the Management Advisory Committee in Revenue, it was decided to establish a new Revenue Prosecutions Division. This proposal was endorsed in the Report of the Steering Group established by the Minister for Finance as a result of a recommendation of the Public Accounts Committee. A Project Team to design the new Division has been set up, with the aim of establishing the Division by the end of 2001. We see this move as essential to the aim of bringing more cases of serious tax evasion before the Courts. The new Division will co-ordinate all prosecution activity undertaken by Revenue and will be responsible for developing the approach to prosecution of cases of serious evasion of taxes and duties. This will allow the expertise and experience in Revenue to be harnessed to greatest effect in progressing the aim of bringing more cases before the Courts.

REVENUE POWERS

Two prosecution-related provisions were introduced in the Finance Acts of 1999 and 2000. The first of these allows for the production in evidence, in a Revenue prosecution, of entries in the books of a financial institution. This provision is being used in many of the cases under investigation to obtain important financial evidence. The second provision allows for the search of a premises under District Court warrant and the removal of records which may be required for legal proceedings, including any criminal proceedings. During the year this procedure was used to obtain evidence in two investigations.

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

In October 2000, an additional officer from the Office of the Director of Public Prosecutions (DDP) was made available to Revenue to work closely with investigators and to assist them in identifying and resolving evidential and other issues relating to prosecution cases. This is an important evolving role.

Other prosecution activity by Revenue (e.g. for failing to file tax returns or Customs and Excise related matters) is covered in Chapter 4.

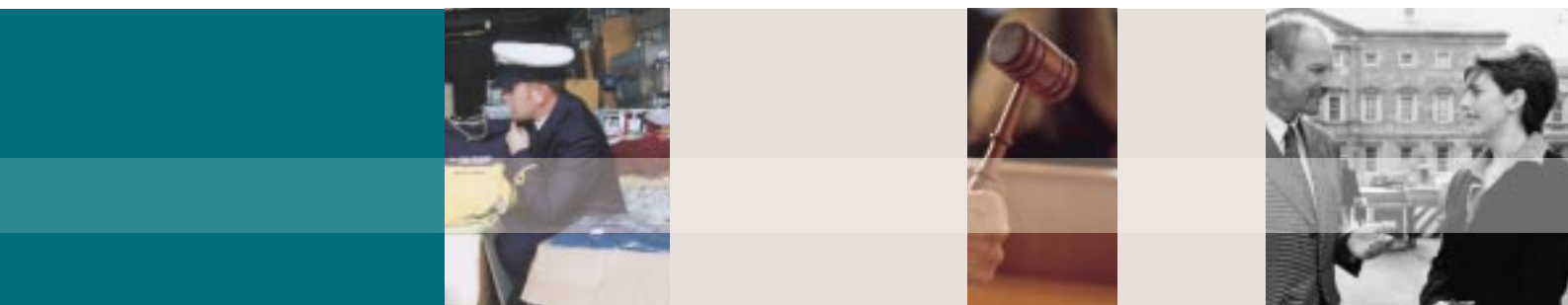
An aerial photograph of a multi-lane highway interchange. A roundabout is visible in the upper left, with several cars circulating. A bridge with a metal railing spans across the highway in the middle. Below the bridge, multiple lanes of traffic are shown with cars and a large white truck. The surrounding area includes green grass, trees, and some residential buildings in the distance.

COMPLIANCE, AUDIT AND ENFORCEMENT

CHAPTER FOUR

COMPLIANCE

v. to give acquiescence, agreement, assent or deference, obedience or observance.



INTRODUCTION

Revenue continues to develop programmes that make it easier and less costly for taxpayers to fulfil their tax and customs obligations. These are detailed in Chapter 5. In this chapter we illustrate the results of our compliance and audit programmes and the action we take against those who fail to comply with their legal obligations. In partnership with other law-enforcement agencies at home and abroad we continue to tackle the EU-wide problem of smuggling through developing systems, training and equipment that will greatly improve detection at our ports and airports.

In 2000 the main achievements in our Compliance, Audit and Enforcement Programmes included:

- Total of 1,131 convictions for failure to file returns.
- Total receipts of £136.5 million from the normal Audit Programme.
- Including DIRT audits, total of 17,709 audits completed yielding £309.8 million.
- Total of 44,091 cases reviewed under Returns Compliance Programme.
- Tax avoidance schemes successfully challenged in 7 cases yielding £1.8 million.
- Yield of £83.1 million from enforcement of recovery through sheriffs and solicitors.
- A total of 329 companies were being monitored as possible 'phoenix' operations.
- Significant increase in commercial tobacco seizures totalling 96 million cigarettes.
- Illegal drugs seized, with a value of almost £9 million.

COMPLIANCE

The Returns Compliance Programme underpins voluntary compliance and the integrity of the self-assessment system by ensuring that non-compliant taxpayers are pursued for outstanding returns and payments. The programme focuses on the pursuit of late filers and persistent non-filers of tax returns, while at the same time promoting voluntary and timely compliance.

RESULTS FOR 2000

The early response campaign to tackle late filers and persistent non-filers continued in 2000. With a target of 45,000, the number of cases resolved in 2000 was 44,091. This was a significant improvement on 1999 when 28,867 cases were resolved. Over 10,700 visits were carried out by Revenue staff throughout the country.

TABLE 12: CASES REVIEWED UNDER THE 2000 RETURNS COMPLIANCE PROGRAMME

	Income Tax	Corporation Tax	Total
Cases settled by receipt of Return(s)	25,658	7,874	33,532
Cases found to be ceased, dormant, dissolved, or deemed to have no liability	7,577	2,982	10,559
Total	33,235	10,856	44,091

CHART 4: INCOME TAX RETURNS COMPLIANCE

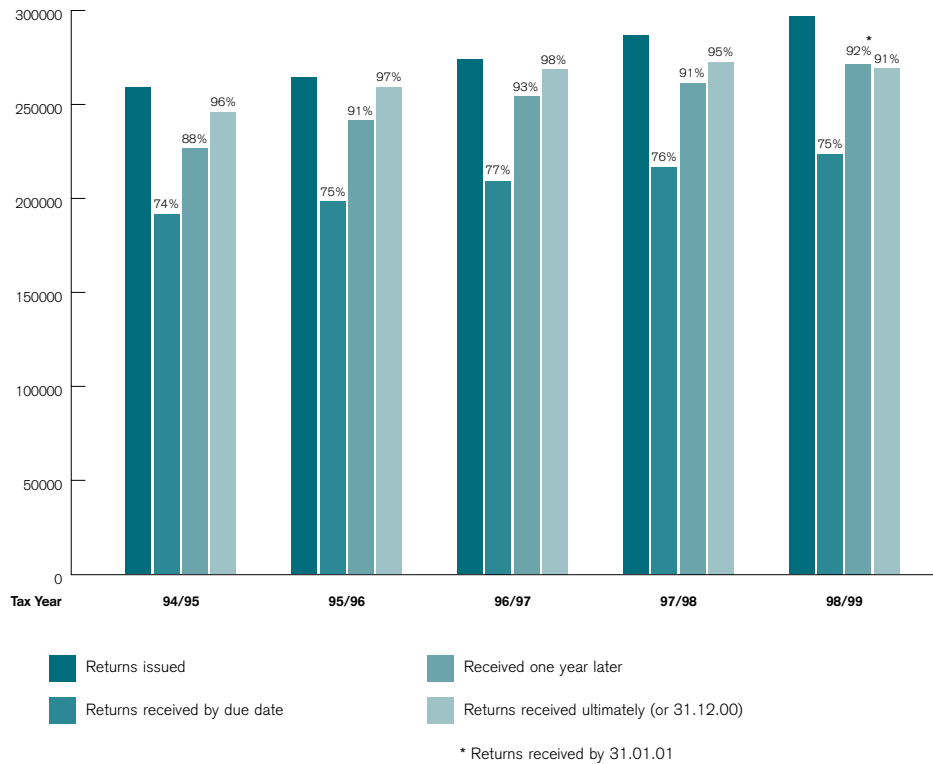
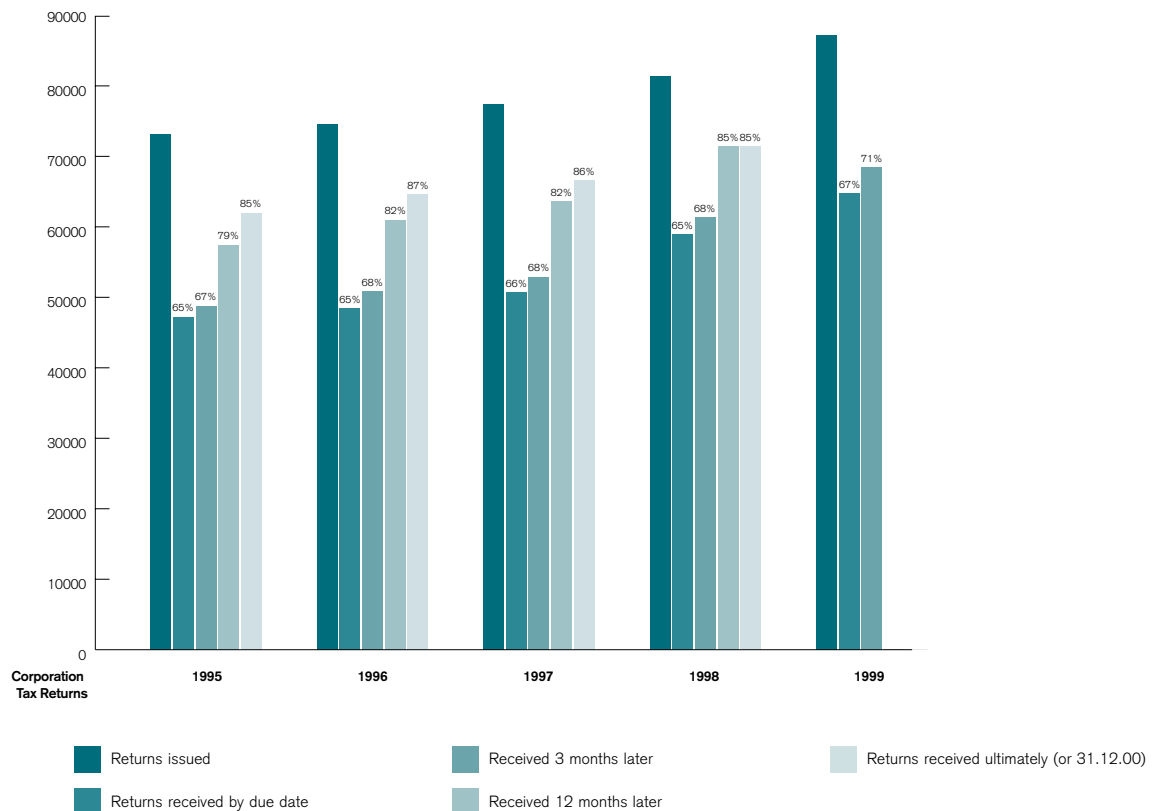


CHART 5: CORPORATION TAX RETURNS COMPLIANCE



P35 COMPLIANCE

Returns for over 81% of all employments for the tax year 1999/2000 were received on the due date of 21 May. At the end of 2000, details of over 99% of all employments had been received.

TABLE 13: PERCENTAGE OF EMPLOYMENT RETURNS

Year	Estimated Employments* by due date	Employments* by year end
1996/1997	52%	99.8%
1997/1998	53%	99.8%
1998/1999	85%	99.8%
1999/2000	81%	99%

*Percentage of total employments in respect of which employers have submitted returns.

PROSECUTION FOR FAILURE TO FILE RETURNS

P35 EMPLOYER RETURNS

We continue to vigorously pursue non-compliant employers and penalties were imposed in 601 cases. In addition 79 defaulting employers had their names published where penalties were imposed by the courts.

INCOME TAX AND CORPORATION TAX RETURNS

In 2000, the prosecution of non-filers under Section 1078 of the Taxes Consolidation Act, 1997 continued. Legal proceedings were instituted in over 2,600 cases and convictions were secured in over 1,000 cases. The outstanding cases will be listed for court hearing in due course.

TABLE 14: LEGAL ACTION FOR NON-FILING OF INCOME TAX AND CORPORATION TAX RETURNS

	Income Tax	Corporation Tax	Totals
Revenue Solicitor warning letters issued in 2000	6,457	1,733	8,190
Revenue Solicitor warning letters issued in 1999	5,399	2,405	7,804
Cases referred for the institution of legal proceedings in 2000	1,951	725	2,676
Cases referred for the institution of legal proceedings in 1999	2,369	400	2,769
Convictions in the Courts in 2000	936	81	1,017
Convictions in the Courts in 1999	1,159	85	1,244

AUDIT

During the year, almost 18,000 audits and investigations were completed, including 37 DIRT look-back audits on financial institutions. These audits yielded £309.8 million, of which £173 million arose in the DIRT project. There was a reduction in the number of audits from the previous year due mainly to the involvement of 67 auditors in the more intensive DIRT audits. The above figures include 437 randomly audited cases.

Approximately 7,000 audits were in progress at the end of the year. Payments on account of £71 million were held at the end of the year, in advance of finalising these audits. Settlements in 1,451 cases in excess of £10,000 yielded £76 million. Of these, 258 cases, with a yield of approximately £15 million were published under the provisions of Section 1086 of the Taxes Consolidation Act, 1997.

Arising from audit activity, 21 cases were identified by tax districts for potential prosecution.

TABLE 15: SUMMARY RESULTS OF AUDIT PROGRAMMES

Audit Type	2000	Yield £m	1999	Yield £m
	Audits Completed		Audits Completed	
Comprehensive (All Taxhead) (Note 1)	2,270	53.8	2,512	47.3
VAT	4,409	27.6	5,101	31.9
Employers' PAYE/PRSI	2,104	9.5	2,768	12.3
Relevant Contracts Tax (RCT)	352	1.3	384	1.5
Combined VAT, RCT, & PAYE/ PRSI	670	4.7	892	3.0
Verification Audits	1,733	3.7	1,848	3.1
Desk Reviews	4,393	4.3	3,400	6.9
Investigations (Note 2)	25	0.2	7	0.2
Anti-Avoidance	7	1.9	26	1.6
Residential Property Tax	1,321	1.2	1,096	1.0
Capital Acquisitions Tax	388	2.9	490	3.2
Totals	17,672	111.1	18,524	112
Arrears Collected (Note 3)		25.4		26.2
DIRT Project	37	173.3		
Total Audits / Total Yield	17,709	309.8	18,524	138.2
Payments on Account (Note 4)		71.2		30.5

Note 1 – The yield figures for 2000 include £2.4 million, which has been referred for collection enforcement action in cases where the liability was not settled with the audit officer. They also include £8.6 million. (Income Tax and Corporation Tax) which is the yield expected in future years as a result of audits settled by way of restriction of losses carried forward and reliefs overclaimed. The equivalent figures for 1999 are £2.9 million for tax sent to enforcement and £3.5 million for restriction of losses.

Note 2 – Includes 21 cases settled under the 'pick-me-up' project, with a yield of £60,156.

Note 3 – Unpaid declared liabilities collected with audit settlements.

Note 4 – Payments on account by taxpayers, not included in total yield where the final settlement is under negotiation.

ANTI-AVOIDANCE

During the year 2000, Revenue's Anti-Avoidance Unit issued 4 notices of opinion under Section 811 of the Taxes Consolidation Act, 1997. This general anti-avoidance section aims to defeat the effects of transactions that have little or no commercial reality and are intended primarily to avoid a liability to tax. The section has been invoked in 12 instances to date.

In 2000, seven anti-avoidance cases were settled, yielding £1,885,000. The schemes of avoidance challenged in 2000 included one for the break up of a group by way of contrived liquidation, now prohibited, a dividend drain-out scheme, and a claim for manufacturing relief arising from a reorganisation of a company's activities.

CUSTOMS AUDIT PROGRAMME

RISK ANALYSIS

A new electronic system for Revenue's Customs & Excise auditors, facilitating the compilation of risk-based profiles was initiated in 2000. This will significantly increase the number of audits targeted through risk analysis selection techniques, thus utilising audit resources much more efficiently. Revenue's Customs & Excise auditors have also initiated a process of developing expertise on the audit of data held on traders' computer systems.

A total of 396 customs audits were completed in 2000, of which:

- 43% indicated no irregularities
- 34% resulted in additional yield of duty which amounted to £1.4 million
- 10% disclosed overpayments of duty totalling £396,000
- 13% resulted in non-monetary discrepancies.

AUDIT OF COMMON AGRICULTURAL POLICY EXPORT CONTROLS

During the year, Revenue's Common Agricultural Policy (CAP) Audit and Analysis Unit carried out inspection visits to 22 Customs offices responsible for implementing controls on the export of agricultural products eligible for export refund payments. These inspection visits formed part of an ongoing monitoring programme to ensure that the controls in place and the manner in which they are implemented comply fully with EU rules. Failure to do this could result in the imposition of severe financial penalties by the EU Commission.

FEOGA AUDIT

In 2000, Revenue's FEOGA Audit Unit carried out risk-based audits on the commercial records of 30 traders who had received export refund payments amounting to £377 million in respect of agricultural exports during the period audited. The amount represented approximately 92% of the total export refunds paid by the Department of Agriculture, Food and Rural Development during that period.

ENFORCEMENT

COLLECTION ENFORCEMENT

As part of its commitment to providing both an efficient and fair service to all customers, every reasonable opportunity and assistance is provided by Revenue to enable customers to be compliant. Where non-compliance persists and debts properly due and payable continue to remain unpaid, Revenue takes and will continue to take effective and robust enforcement action against defaulters. Such action involves, most frequently, referral of the cases to a sheriff or solicitor for enforcement of collection or attachment of monies due to defaulters by third parties.

New contracts for legal services with six firms of solicitors in relation to the collection of unpaid tax and interest came into effect on 1 January 2000. There was a significant increase in the number of cases referred for solicitor enforcement action and a commensurate increase in the payments received. A decrease in the number of cases referred for sheriff enforcement reflects the increasing effectiveness of the case management system, which leads to more consolidation of cases and to larger and more realistic referrals.

The use of the power of attachment increased both in frequency and effectiveness and is an important element of the enforcement programme.

TABLE 16: COLLECTION ENFORCEMENT

		2000	1999
Solicitor	Items referred	4,714	2,554
	Payments received	£25.8m	£15.3m
Sheriff	Items referred	16,199	17,316
	Payments received	£54.3m	£39m
Attachment	Number of cases where		
	attachment was used	429	161
	Yield from attachment	£3m	£1.6m

EXEMPLARY ENFORCEMENT

During 2000, Revenue continued its identification and pursuit of the most blatant and intractable non-compliant cases, with a view to the implementation of appropriate exemplary enforcement measures. At the end of the year, arrangements were underway to secure the enforced sale of property in 14 cases, to secure the declaration of bankruptcy in another 14 cases and to secure instalment orders in a further 10 cases. These measures demonstrate Revenue's determination to ensure that court action will result in an effective and appropriate response to the most serious instances of non-compliance with tax law.

INSOLVENCY

As part of our approach to debt management and enforcement in 2000, Revenue continued the policy of being actively involved in liquidations and receiverships during the year. We petitioned the High Court for the appointment of a liquidator to wind up companies on 29 occasions under Section 214 of the Companies Act, 1963 and attended all court hearings pursuant to these petitions. Revenue was also represented at 139 creditor meetings during the year and continued its active role subsequent to these meetings by seeking appointment of its representatives to Committees of Inspection and by attending final meetings where appropriate. Revenue also attended High Court hearings where petitions for the appointment of an examiner were heard.

PHOENIX SYNDROME

During the year, Revenue continued its vigorous drive against 'Phoenix Syndrome' companies. Revenue moved quickly to liquidate companies found to be using the protection of limited liability to avoid the payment of taxes due. The provisions of the Companies Acts were widely used to put pressure on 'Phoenix' companies and their directors to become tax compliant.

Revenue petitioned the Courts for the liquidation of 10 'Phoenix' companies in 2000. A further 18 companies either ceased trading or liquidated voluntarily as a result of Revenue's close monitoring. At year-end 329 companies were being intensively monitored as possible 'Phoenix' operations.

SHADOW ECONOMY

During the year, Revenue continued to detect unregistered cases and previously undeclared sources of income in our programme to counter shadow economy activity. The details are contained in Table 17.

TABLE 17: SPECIAL ENQUIRIES

	2000	1999
Number of cases detected not previously on record	793	1,143
Number of persons already on record with unreturned income	1,925	1,809
Total number of detections	2,718	2,952
Referred to Investigation Branch	4	3
Referred to Audit	353	537

The need to divert resources to other priority areas has resulted in a reduction in some of the more traditional enquiry work. New measures, included in our Statement of Strategy 2001-2003, detail our approach to tackling the shadow economy.

DRUGS

TACKLING DRUG SMUGGLING

The international dimension to drug-trafficking requires the targeted use of resources and techniques to deal with this trans-national crime. Traffickers constantly seek new customers, markets and supply routes. Focused action and the continuous development of national and international co-operation is required between law enforcement agencies charged with combating drug-smuggling and related crime. The EU Drugs Strategy (2000-2004), in dealing, inter alia, with illicit drug-trafficking and supply-side enforcement measures, focuses on reducing money laundering, precursor chemical diversion (for the manufacture of illegal drugs) and effective co-operation between Customs, Police and prosecuting authorities, in the fight against drug-trafficking. Revenue continues to play its part in the protection of the national and EU frontiers by combating international drug-trafficking and associated activities and by co-operating with the Criminal Assets Bureau, which includes Revenue officials.

TABLE 18: DRUG SEIZURES BY THE CUSTOMS NATIONAL DRUGS TEAM

Type of Drug	Quantity	Estimated Street Value
Heroin	3.91kgs	£621,000
Cocaine	11.81kgs	£1,183,000
Cannabis resin	400.12kgs	£3,993,000
Cannabis herbal	128.55kgs	£350,000
Ecstasy	201,679 tabs	£2,420,000
Khat	100kgs	£200,000
Total		£8,767,000

SELECTED DRUG SEIZURES

On 4 January 2000, 60kgs of herbal cannabis with a street value of £150,000 was seized at Dublin Port. It was concealed within coffee tables which originated in the Republic of South Africa. In a follow-up operation involving both Customs and Gardaí, an Irish national was arrested, charged and subsequently received a 4-year custodial sentence in the Dublin Circuit Criminal Court.

On 29 July 2000, Customs seized 250kgs of cannabis resin with a street value of £2.5 million found in a false compartment of a people-carrier vehicle with an Eastern European registration. Two foreign nationals were arrested and charged. The vehicle had arrived in Ringaskiddy via car-ferry from France. On 3 May 2001, at Cork Circuit Criminal Court, the defendants pleaded guilty and received custodial sentences of 6 years and 2 years respectively.

On 24 August 2000, an Irish national was detected by Customs at Dublin Airport with 3kgs of cocaine, with a street value of £500,000 concealed in hollowed-out shoes in baggage. The passenger had travelled by air from Grenada to Dublin via Gatwick. The offender received a 5-year suspended sentence in the Dublin Circuit Criminal Court.

On 8 September 2000, a foreign national was stopped by Customs at Shannon Airport, and 22.7kgs of herbal cannabis, with a street value of £45,400 was found in a false-bottom suitcase when examined. The passenger had travelled by air from Johannesburg to London and on to Shannon. On 6 February 2001, at Ennis Circuit Criminal Court, the offender received a 6-year custodial sentence.

On 16 November 1999, in a joint Customs and Naval operation on the southern coast, Customs Officers seized 1.58 tonnes of cannabis resin, with a street value of £15.8 million from a converted British-registered fishing trawler m/v 'Posidonia'. It is believed that the drugs originated in North Africa. Subsequently, on 1 March 2001, the three arrested foreign crew members were convicted in the Cork Circuit Criminal Court and received a combined total of 25 years' custodial sentence. The Court ordered the forfeiture of the vessel.

CRIMINAL ASSETS BUREAU

Assets arising from criminal activity, particularly the drug trade, continue to come under increasing scrutiny and attack by the Criminal Assets Bureau (CAB). Revenue assists and co-operates in this work through the provision of experienced staff, the disclosure of relevant information and through close interaction and combined activities where this is required. A total of £6.8 million in tax receipts was paid to Revenue by the CAB in 2000.

DRUG RELATED CASH DETAINED BY CUSTOMS

Drug-related cash seizures, primarily at export from the State, continue to have a major impact on the activities of both national and international drug traffickers. Following these seizures, investigations have been carried out in the Netherlands, the United Kingdom and Northern Ireland. One case involving £100,000 is the subject of both a forfeiture application and a money laundering charge taken by the Director of Public Prosecutions. Cash forfeited in 2000 has been transferred for the benefit of the Exchequer.

TABLE 19: CASH SEIZURES UNDER SECTION 38, CRIMINAL JUSTICE ACT, 1994

Cash forfeiture orders of the Circuit Criminal Court	£128,380
Total cash seized/detained, subject to Court Detention Orders	£413,000

Customs Confidential Freefone – 1800 295 295

A total of 4,479 calls was received on the Customs Confidential Freefone during 2000. A number of these calls proved useful and assisted in the compilation of intelligence data on drug-smuggling activities.

SMUGGLING

TOBACCO SEIZURES

During 2000, Customs seized over 96 million cigarettes, an increase of more than 35% on 1999. The revenue at risk on these cigarettes was £15 million. About 95% of the seized cigarettes were discovered in containers shipped from China. Others originated from ports in the Middle East and North Africa. It is believed that the bulk of these shipments were destined for the UK market, with Ireland being used as a transit route. These seizures were made as a result of intelligence-gathering and successful profiling by the Customs National Freight Intelligence Unit. Also, in excess of 4 tonnes of Roll-Your-Own tobacco was seized, with a revenue risk of £500,000. As a result of cross-border Customs co-operation, 6 million cigarettes were seized by HM Customs and Excise, Northern Ireland.

During 2000, there was increased evidence of the involvement of organised criminal groups in tobacco-smuggling. Irish Customs, with the co-operation of the EU Anti-Fraud Unit (OLAF) and the World Customs Organisation (WCO), is working with all other EU states and many other countries in a co-ordinated international approach to this problem. During 2000, Irish Customs hosted a meeting of the G7 Group of major industrialised countries on the subject of international tobacco-smuggling. Commissioner Frank Daly addressed this conference, which was held in Killarney.

TABLE 20: COMMERCIAL TOBACCO SEIZURES

Type	Number of Seizures	Quantity/ Number	Estimated Retail Value	Duties (Excise & VAT)
Cigarettes	403	96,332,828	£17,909,686	£14,258,115
Roll-Your-Own	69	4,913kgs	£854,810	£660,267
Total	472		£18,764,496	£14,918,382

TABLE 21: COMMERCIAL ALCOHOL SEIZURES

Type	Number of Seizures	Quantity (Litres)	Estimated Retail Value	Duties (Excise & VAT)
Beer	19	5,999	£17,637	£6,602
Spirits	36	17,149	£326,295	£196,123
Wine	22	6,709	£52,378	£23,518
Total	77	29,857	£396,310	£226,243

Other goods seized by Customs included pornographic material, fireworks, gas cylinders, animal remedies, jewellery and counterfeit clothes.

PROSECUTIONS

PROSECUTIONS FOR SMUGGLING AND ILLEGAL SELLING OFFENCES

In 2000, we increased our emphasis on prosecution for serious offences involving smuggling, customs fraud and illegal selling. The number of convictions obtained during the year was 58, an increase of 49% over 1999 levels. Fines totalling £37,550 were imposed for these offences, as summarised in the following table.

TABLE 22: CONVICTIONS OBTAINED FOR SMUGGLING AND ILLEGAL SELLING OFFENCES

Offence Type	Number Convicted	Fines Imposed
Hydrocarbon oil smuggling	9	£10,500
Alcohol smuggling	8	£3,750
Tobacco smuggling	21	£8,000
Illegal selling of tobacco	18	£13,300
Other Customs fraud	2	£2,000
Total	58	£37,550

Three custodial sentences were imposed in 2000 for the illegal importation of a variety of excisable goods. Of these sentences, two were suspended and the third, a 3-month jail sentence, was the first case of its type where such a sentence was not suspended.

UNLICENSED TRADING

Table 23 indicates the number of convictions for breaches of the Excise licensing regulations during 2000.

TABLE 23: PROCEEDINGS FOR UNLICENSED TRADING

Licence Type	Number Convicted	Fines Imposed
Liquor	132	£73,530
Hydrocarbon oil vendors	49	£28,050
Gaming/Amusement machines	6	£3,000
Total	187	£104,580

MARKED GAS OIL OFFENCES

There were 1,513 detections of the illegal use of duty-rebated Marked Gas Oil (MGO), commonly referred to as 'agricultural' or 'green diesel', and 55 people were convicted, with fines imposed totalling £35,300. In a further 1,123 cases, compromise sums totalling £365,509 were collected in lieu of proceedings. The majority of these cases involved first-time offenders. A total of £84,590 was accepted for the release of motor vehicles seized in connection with MGO offences.

BETTING DUTY OFFENCES

Four people were convicted and fines amounting to £90,650 were imposed for betting duty offences. At Navan District Court in February, a bookmaker pleaded guilty to 100 counts of suppression and evasion of betting duty. Fines totalling £84,000, mitigated to £42,000, were imposed.

INTRASTAT INTRA-COMMUNITY TRADE RETURNS

Thirty-five traders were convicted for failure to file INTRASTAT returns. Fines totalling £46,000 were imposed.

OTHER CUSTOMS & EXCISE ENFORCEMENT ACTIVITIES

REVENUE MOBILE SERVICE/CUSTOMS & EXCISE ANTI-EVASION UNITS

During the year 2000, Customs officers detected five diesel oil-laundering operations in the border area. In contrast to previous similar detections, each of these operations had the capability and sophistication to 'launder' both 'Green' and 'Red' diesel. The plants were highly efficient and well-maintained. The financial rewards for those involved were substantial. It is estimated that the plants, if undetected, could have defrauded the Exchequer of over £7 million in a full year. The value of plant, machinery, diesel oil and vehicles seized is estimated at £600,000.

RESULTS OF SELECTED CUSTOMS INVESTIGATIONS IN 2000

A total of £1.05 million was collected as a result of investigations into the misclassification and undervaluation of animal feed additives. As a result, similar investigations were carried out by other EU Customs administrations.

A total of £500,000, comprising excise and taxes, was collected from a wine importer following the failure to comply with the Intra-Community excise procedures relating to the Accompanying Administrative Document. A compromise penalty in lieu of prosecution is under consideration.

TABLE 24: VEHICLE REGISTRATION TAX ENFORCEMENT

Number of vehicles challenged	11,484
Number of detections involving minor delays in registration	1,619
VRT recovered as a result of detections	£930,854
Number of vehicles seized	405
Value of vehicles seized	£4,424,074
Penalties imposed for the release of seized vehicles	£149,074
Amount of VRT paid following release and other offences	£168,862
Other offences reported for prosecution	74
Number of compromise settlements in lieu of prosecution	10
Amount of compromises paid	£23,950
Prosecutions	
Number of convictions	25
Court fines imposed	£23,000
Vehicles forfeit	1
Custodial sentence (4 months)	1

The majority of cases reported for prosecution related to failure to register/pay VRT. One reported case involved fraudulent claims made by a motor dealer under the Scrappage Scheme. Proceedings were instituted but were ultimately withdrawn on payment of a compromise penalty sum of £40,000.

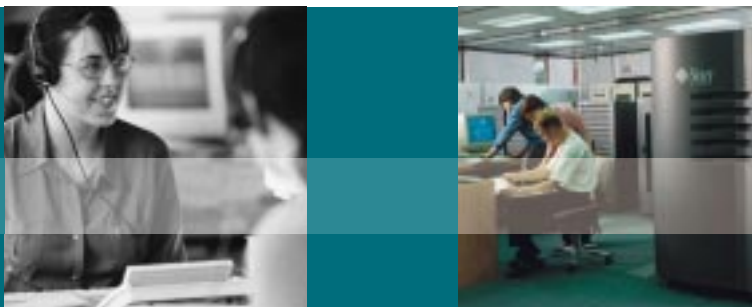


QUALITY SERVICE DELIVERY

CHAPTER FIVE

TECHNOLOGY

v. 1. the scientific study of mechanical arts and applied sciences. 2. these subjects, their practical application in industry etc.



INTRODUCTION

Given the increase in the volume of our business, Revenue must constantly review procedures and processes, and exploit the use of technology, to deliver quality services to our customers. Further progress was made in this regard during the year.

REVENUE ON-LINE SERVICE

Revenue On-Line Service (ROS) is a service introduced by Revenue which allows our customers to transact their business with us over the internet. Phase 1, which enabled our customers to electronically file monthly and bi-monthly PAYE and VAT returns securely and confidentially over the internet, was launched in September 2000. An on-line revenue target of £50 million was set for the first year of Phase 1. This was actually achieved within a few months, and payments are now growing rapidly. This success can be attributed to the co-operation of our customers, who embraced this new technology, and to our staff, who were instrumental in the design of the service and its promotion amongst our customers.

Phase 2 of ROS was launched in April 2001, providing our customers with the additional facility to electronically file Employer Forms P35 and P35L. Phase 3 will be launched in October 2001; this will enable customers to electronically file Form 11 (for self-employed individuals), Form CT1 (for corporates), and to have on-line access to their own Income Tax, Corporation Tax and Capital Gains Tax details. Additional electronic payment methods will also be provided in this phase.

CURRENT ON-LINE SERVICES

Revenue customers and their agents can now:

- Electronically file and pay monthly PAYE Returns, bi-monthly VAT Returns and Annual Payroll Returns.
- Electronically file Employee Cessation Returns and Annual Trading Details for VAT.
- Have on-line access to VAT and Employer Tax details.

REVENUE AT THE FOREFRONT

The introduction of ROS puts Revenue at the leading edge of tax administration, in terms of conducting business electronically, and dovetails with our commitment to providing a quality service for our customers. In fact, we are one of the few Revenue services in the world which offers an interactive on-line service. The development of ROS over the coming years, will further improve both the quality of, and the speed with which we deliver, services to our customers.

ROS has become the flagship project in a wider e-Government agenda, which is ultimately intended to enable Irish citizens to interact with Government services quickly and easily over the internet, 24 hours a day.

UPTAKE OF ROS (TO MID-JUNE 2001)

At mid-June 2001 the following was the position regarding the uptake of ROS:

- 2,902 customers registered.
- 14,797 returns submitted.
- £716 million paid electronically – €909 million.

We are confident of achieving our twin goals of having 50% of all business tax returns filed electronically by the year 2005 and of having our customers conduct business electronically with us, at a time and location that suits them best.

IMPLEMENTING THE INFORMATION SOCIETY: AN ACTION PLAN

Revenue is determined to remain at the forefront in promoting the Information Society in Ireland. In line with Government policy to encourage the use and accessibility of the new technologies, we continue to develop and promote electronic options for our customers. In addition to ROS, we continue to improve the range and quality of electronic services. Revenue pioneered the use of a website for Government service, and the continual growth in visitors shows its enormous success. We continue to develop it to deliver a comprehensive and accessible range of information and services. Revenue publications and leaflets can be accessed instantly, as can all the standard forms used by our customers.

The REACH agency will provide a single point of access to all public services. Within the REACH framework, we are working to provide access to the broad range of Revenue services in a co-ordinated and integrated manner.

INTEGRATED TAXATION PROCESSING SYSTEM

Our Integrated Taxation Processing (ITP) system now processes some £13 billion annually. The consolidation of taxpayers' financial records allows for a greater consistency of treatment of all taxes, and easy offsetting of monies between taxes. VAT was incorporated

into the system in April 2000. Between April and December, 526,362 VAT 3 forms were processed by the systems, the majority being scanned using new technology, thereby removing the necessity of keying data and thus speeding up the process. The automation of these processes greatly added to the efficiency of VAT return administration, and inevitably to customer service improvements, particularly in the processing and approval of VAT repayments. Improved turnaround times were achieved, due to automated tracking and approval systems, allowing routine repayments to be dealt with more quickly.

Work continued and progress was made during the year for the introduction of the collection phases of assessed taxes including Income Tax, Corporation Tax and Capital Gains Tax, into the ITP system in 2001. The system continues to provide the back office processing for ROS, with daily data updates, and links to the banks for the electronic transfer of money received or repayments due.

OTHER ELECTRONIC FILING AND INFORMATION EXCHANGE FACILITIES

We are continually developing our technology to ensure that employers who wish to make their P35 returns electronically can do so. As is evident from Table 25, an increasing number of employers are availing of this option.

TABLE 25: P35 RETURNS FILED ELECTRONICALLY

Year	1999/2000	1998/99	1997/8
No. of returns	21,500	17,300	11,600
No. of employments	2.0m	1.6m	1.5m
% of total employments	74%	70%	65%

TABLE 26: DIVIDEND WITHHOLDING TAX RETURNS FILED ELECTRONICALLY

Year	2000	1999
Number of returns	252	121
Number of individual distributions	2,302,849	903,500
% of total distributions	98.1%	99.7%

TABLE 27: DIRECT TRADER INPUT

	2000	1999	1998
Declarations Processed	935,917	869,018	811,748
DTI Take Up			
Import	92%	92%	92%
Export	80%	76%	74%

PREPARING FOR THE EURO

Use of the euro by business in Ireland remained extremely low in 2000. As a consequence, the volume of Revenue business conducted in euro remained at 1999 levels: approximately 0.4% of Employers' PAYE/PRSI and VAT Returns and 1.6% of Customs Automated Entry Process (AEP) Declarations were completed in euro.

The very low level of migration to euro by the end of 2000 and the most recent survey findings all point to a 'big bang' changeover to the euro by business on 1 January 2002. A survey of businesses, carried out by the ESRI on behalf of the Forfás Business Awareness Campaign at the end of 2000, showed that only 22% of Irish businesses had prepared a euro changeover plan. The survey also found that two-thirds of businesses had decided on a changeover date and that 65% of these intended delaying their changeover to the latest possible date, 1 January 2002.

Against this backdrop of slow preparations, Revenue's euro changeover planning is now based on the assumption that the great majority of businesses will continue to trade and keep their accounts in Irish pounds up to 31 December 2001. Our plans for the final changeover to euro will therefore facilitate such businesses by permitting them to complete their more detailed tax returns, such as Income Tax, Corporation Tax and P35 Returns etc., in Irish pounds for periods up to 31 December 2001. In aligning our requirements on the expected changeover behaviour of our customers, we will minimise business compliance costs and the scope for conversion errors and data pollution. However, because all payments made through the banking system will have to be completed in euro from 1 January 2002, businesses will be required to complete some returns or parts of returns, such as VAT or Employers' P30, in euro for periods ending in 2001 but with a filing date in 2002.

The tax affairs of our PAYE customers will be conducted in Irish pounds for the period up to 31 December 2001 and in euro for periods thereafter.

One of the more positive findings in the ESRI survey, from a Revenue perspective, was the very high level of satisfaction with our euro information. Of the businesses surveyed, 88% were 'very satisfied' or 'satisfied'. We are currently planning a further extensive information campaign that will inform our business and PAYE customers how their Revenue affairs will be switched to euro.

Preparing for the euro has been a key corporate priority for Revenue since 1997 and will continue to be a priority until the changeover process has been completed. To date we have worked very closely with both public and private sector bodies to ensure a successful changeover. We remain committed to doing everything we can to make sure that the project is a success.

PAYE ADMINISTRATION FOR EMPLOYERS

To prepare employers for the various changes to the PAYE system which came into effect in 2001, an advance notice was issued to all employers in October 2000. This notice gave

details of the 'full' tax credit system, coming into operation on 6 April 2001, the introduction of the calendar tax year and the short tax 'year' from 6 April to 31 December 2001. The notice included a sample of the revised tax deduction card which was produced to cater for the change to a PAYE tax credit system. A copy of the notice was also issued to software developers who develop computerised payroll systems used by employers. A special helpline was set up to handle enquiries from the software developers and employers. In addition, tax districts dealt with enquiries from employers locally.

Other steps taken to ensure that employers were fully aware of the changes included:

- A video and CD-ROM on the new system were produced and distributed to all employers.
- An Electronic Newsletter Service was set up on the Revenue website to keep employers and wages clerks up to date on the changes.
- The tax deduction card and employer and employee certificates were redesigned to cater for the changes.
- The December issue of Tax Briefing contained a comprehensive article on tax credits, the calendar tax year and the short tax 'year'.
- Information leaflets on the Budget 2001 changes, including details on tax credits, were delivered nationwide on the night of the Budget. This was followed up by a freefone telephone helpline which operated for two days following the Budget. The helpline dealt with enquiries from the public on the tax changes announced in the Budget speech. It handled over 3,000 calls.

PAYE ADMINISTRATION FOR EMPLOYEES

A programme of administrative reform of PAYE began in late 1999 and continued through the year. The objective of the reform is to give a better service to PAYE taxpayers. This is being achieved by:

- New procedures that allow PAYE taxpayers to claim almost all reliefs by making telephone claims.
- The introduction of new computer access procedures for staff which allows any routine call from a PAYE taxpayer to be dealt with by any staff member at the first point of contact.
- The creation of a 'Virtual National Call Centre' for PAYE telephone queries, based on a 'Lo Call' 1890 phone number that will go 'live' in the autumn of 2001.

Some 1.8 million employee Certificates of Tax Free Allowance for the year commencing 6 April 2000 were produced and distributed over a four-week period. The staggered issue of the certificates was designed to ensure that, as far as possible, tax districts could handle the volume of customer contacts smoothly. An accompanying media campaign advised customers of the main changes.

A database facility was developed within our Integrated Taxation Systems to capture details of P45 employee cessation certificates submitted electronically through ROS. This database will facilitate the processing of change of employment details and repayment claims.

INTRODUCTION OF TAX RELIEF AT SOURCE

In the 1999 Budget, the Minister for Finance announced that tax relief at source would be introduced for tax allowances in respect of medical insurance and mortgage interest, previously allowed through the Tax Free Allowance (TFA) system. Allowing the relief 'at source' means that the allowance will be given by the institution rather than Revenue and the taxpayer will see the benefit of the tax allowance through reduced medical insurance premiums and a reduction in the mortgage payment. The institutions will in turn claim the tax credits granted, directly from Revenue. The dates for implementation are 6 April 2001 for medical insurance and 1 January 2002 for mortgage interest.

During 2000, there was full consultation with the medical insurance companies and mortgage lenders to agree a framework for the operation of 'Tax Relief at Source' (TRS). The consultation process is ongoing.

PERSONAL PUBLIC SERVICE NUMBER

Revenue was active, along with the Department of Social, Community and Family Affairs, in introducing the Personal Public Service (PPS) Number which replaced the Revenue and Social Insurance (RSI) Number. The PPS No. has wider use and is now the individual's unique reference number for dealings with Government Departments and Public Service Agencies. The PPS No. was launched in June 2000 and involved a public awareness campaign and notification of the change to all employers registered for PAYE/PRSI.

POLICY AND LEGISLATION

The Finance Act, 2001, running to some four hundred and ten pages, was the largest Finance Act in the history of the State. Staff in our Policy and Legislation Divisions prepared the draft of this legislation and briefed the Minister for Finance at all stages during the legislative process. Revenue worked closely with the Department of Finance in its formulation of policy for the 2001 Budget and Finance Act by analysing and costing options and proposals, participating in the Tax Strategy Group and initiating policy proposals based on our experience in administering the tax code. Revenue also influenced the development of policy in other areas, for example, we participated in the Review Group on Auditing, which reported in 2000 and took an active part in international discussions on tax and customs issues.

TAX TREATIES

The expansion of Ireland's tax treaty network continued in the year 2000 and the number of Irish tax treaties now in force is 38. A new Treaty with China that was signed and ratified in 2000 should significantly assist Irish business and investment in China. A new Treaty

with Romania was ratified by the Romanian Parliament in 2000 and entered into force on 1 January 2001. A Protocol to the 1997 US Treaty entered into force on 1 September 2000.

A Treaty with Bulgaria was signed and ratified by Ireland in 2000 and will come into force in 2002. New Treaties with India and Norway were signed on 6 November 2000 and will enter into force when ratification procedures have been completed.

Negotiations for a new Treaty with Slovenia were completed in 2000 and negotiations with Singapore, Turkey and the Ukraine are ongoing. Re-negotiation of the existing Canadian Treaty is also underway.

LEGISLATION FOR CALENDAR TAX YEAR AND EURO

During 2000, significant preparatory work was undertaken to give legislative effect to the Government decision to align the Income Tax and Capital Gains Tax year with the calendar year from 1 January 2002 to coincide with the introduction of the euro. The Finance Act, 2001 provided the legislative basis for the changeover to a calendar tax year from that date and the consequent operation of a short preceding tax 'year' to cover the period from 6 April to 31 December 2001. The 2001 Act also provided for the conversion in tax and customs law of all Irish pound amounts to euro amounts from 1 January 2002.

STAMP DUTY

A new integrated computer system for Stamp Duty administration was introduced during the year. Each document now presented for stamping is automatically assigned a unique identifier. The system captures relevant details, calculates all duty and arrears and records payments. When all necessary preconditions have been fulfilled, the system marks and stamps documents, using a specially designed security system. A significant feature of the system is that it provides a complete audit trail for documents from presentation through to stamping. This new system replaces manually operated stamping presses that dated back to the nineteenth century.

CUSTOMER SERVICE STANDARDS

We set out below the results of our Customer Service Standards for the year. Unfortunately, for a variety of reasons, such as increases in volumes of business, and legislative, administrative and technological changes, not all of the published standards have been met. We remain fully committed to the ongoing development of the quality of our service delivery and we will continue to review our practices and procedures to achieve those targets we are not yet meeting and to improve others further. This commitment will continue notwithstanding pressures arising from the growth of our business in recent years. The major restructuring of Revenue, which is currently underway, combined with our continued investment in information and communications technology, will ensure that the organisation is best placed to facilitate to the greatest extent possible the expected continued growth in our customer base.

TABLE 28: CUSTOMER SERVICE STANDARDS AND RESULTS FOR 2000

Service	Standard	Result
Correspondence	100% of routine matters replied to within 20 working days	89%
	100% of complex matters replied to within 30 working days	93%
PAYE repayments - current year	80% refunded within 10 working days	62%
	100% refunded within 20 working days	87%
PAYE repayments- older year	85% refunded within 20 working days	54%
	100% refunded within 30 working days	64%
Income Tax repayments	80% refunded within 20 working days	41%
	100% refunded within 40 working days	74%
Corporation Tax repayments	80% refunded within 20 working days	78%
	100% refunded within 40 working days	97%
Processing of VAT repayments	85% refunded within 10 working days	81%
	100% refunded within 30 working days	96%
Processing claims for repayment of Relevant Contracts Tax	80% refunded within 20 working days	74%
	100% refunded within 40 working days	96%
Processing of applications for Principal Contractor relevant payment cards	100% processed within 5 working days	68%
Processing CG50 Applications	100% processed within 5 working days	100%
Processing of Income Tax returns	Returns received by end Jan 2000	
	100% processed before 1/4/2000	88%
	Received Feb/Mar 2000	
	90% processed within 20 working days of 1/4/2000	95%
	100% processed within 30 working days of 1/4/2000	100%
	Received after 1/4/2000	
	90% processed within 20 working days of receipt	57%
	100% processed within 30 working days of receipt	74%
Processing applications for C2 Certificates	100% processed within 5 working days	87%
Processing of Corporation Tax returns	90% processed within 20 working days	83%
	100% processed within 30 working days	95%

Processing Applications for:		
Income Tax registration	100% processed within 5 working days	66%
Corporation Tax registration	100% processed within 5 working days	66%
VAT registration	100% processed within 10 working days	64%
Employer registration	100% processed within 5 working days	64%
Processing applications for		
Tax Clearance Certificate:		
General Scheme	100% processed within 6 working days	84%
Licence Scheme	100% processed within deadlines in relevant legislation	100%
Stamp Duty – Adjudication		
and Straight Stamping		
	100% presented to the Stamp Duty Public Office for over-the-counter processing on the day of presentation	100%
	100% presented to the Stamp Duty Public Office for 'drop-in' processing:	
	document to be stamped within 5 working days	100%
	100% received by post processed within 20 working days	32%*
Stamp Duty – Companies		
Capital Duty (CCD)	100% processed within 5 working days	100%
Stamp Duty – Composition		
Duty and Levies		
	80% processed within 5 working days	87%
	90% processed within 10 working days	94%
Stamp Duty – CREST		
	90% refunded within 10 working days	74%
	100% refunded within 30 working days	91%
Residential Property Tax		
Clearance Certificates	100% processed within 5 working days	100%
Capital Acquisitions Tax –		
Affidavits/Probate Tax:		
Non-Taxable	60% processed within 5 working days	91%
	80% processed within 10 working days	100%
Taxable	60% processed within 5 working days	44%
	80% processed within 10 working days	76%
Capital Acquisitions Tax –		
Gift/Inheritance and		
Discretionary Trust Tax		
	40% processed within 5 working days	25%
	70% processed within 10 working days	50%
Capital Acquisitions Tax –		
Processing applications		
Certificates for Discharge		
	60% processed within 5 working days	45%
	90% processed within 10 working days	80%

* The slippage at this target result arose due to the changeover from the manual to the computerised system of stamping instruments, in a context where both other standards were maintained at 100%.

REPAYMENT SCHEMES

£41.6 million in VRT was repaid under the Demonstration, Short-term Car Hire and Leasing Repayment Schemes.

£19.1 million in VRT and VAT and £2 million in excise duty on fuel was repaid under the Disabled Drivers and Passengers Scheme. The number of claims processed was 3,389.

VRT VALUATION ENQUIRIES

During 2000, there was a total of 61,434 valuation enquiries made via the VRT Information Kiosks and the Revenue Desktop System. Furthermore, 45 used car importers are currently in receipt of a CD-ROM of the used car valuation database.

DONATION OF HERITAGE ITEMS

Section 1003 of the Taxes Consolidation Act, 1997 provides for a credit against tax liabilities where a taxpayer donates certain heritage items to national collections. The following heritage items were donated in 2000:

- A collection of 72 artworks, valued at £558,750.
- The Austin Clarke MS collection, valued at £150,000.
- The Whoseday Archive, valued at £550,000.
- A painting entitled The Wall of Light, valued at £170,000.
- The complete archival collection of Brian Friel, valued at £750,000.
- A water-colour entitled The Castellated Rhine, valued at £129,194.
- A collection of manuscripts relating to William Butler Yeats, valued at £300,000.
- A collection of art works by Brian Maguire entitled Casa de Cultura Project, valued at £86,000.

Reference to the following two donations was inadvertently omitted from the Annual Reports for the years 1999 and 1997 respectively:

- A collection of decorative artwork entitled The Hunt Collection, valued at £600,000, was donated in 1999.
- A painting entitled The Beggar Man in the Shop, valued at £160,000, was donated in 1997.



OUR PEOPLE

OUR PEOPLE

CHAPTER SIX

FUTURE

adj. belonging to the time coming after the present. *-n.* future time or events or condition.



INTRODUCTION

Revenue is the largest Civil Service employer, with over 6,000 staff in 130 locations throughout the country. We rely heavily on the expertise and the commitment which our staff bring to their tasks to achieve our objectives, and our Human Resources function supports our staff in carrying out the core business of our organisation. In 2000, Revenue secured a very substantial increase in its authorised staffing complement to over 6,500 staff – some 360 additional posts. These additional resources were secured in response to Revenue's review of its staffing needs, and its considered assessment of the additional staffing resources required to deal with tax investigations, audit, enforcement and taxpayer service.

STATEMENT OF STRATEGY 2001 – 2003

Throughout 2000, and within the framework of our Mission Statement, we developed our third Statement of Strategy. This was done in a consultative process. Staff were invited to put forward their ideas, and also to participate in Focus Groups which were set up under the aegis of our Partnership Committee. The draft Statement was also considered by the Partnership Committee.

Our new Statement was submitted to the Minister for Finance in April 2001, in accordance with the Public Service Management Act, 1997. It contains our detailed objectives, outputs, strategies and performance indicators for the next three years. We will continue to report on our progress in achieving these objectives in future annual reports.

MANAGEMENT CHANGES

Ms Maureen Moore retired during 2000 and Mr Seamus Feely resigned to take up a position in the private sector. On foot of these vacancies, and arrangements for the reorganisation of Revenue, Mr Paddy Donnelly, Mr John Leamy and Ms Niamh O'Donoghue were subsequently appointed to Assistant Secretary posts in Revenue.

REVENUE SENIOR MANAGEMENT



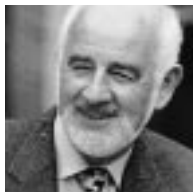
Tom Duffy
Assistant Secretary
Customs and Residence
Division



Christopher Clayton
Deputy Secretary
Chief Inspector of Taxes
Tribunals & Special
Investigations



Frank Mullen
Assistant Secretary
Direct Taxes International
and Administration
Division



Sean Connolly
Assistant Secretary
E-Business & Information
Technology Division



Eamonn Fitzpatrick
Assistant Secretary
Indirect Taxes Policy
& Legislation Division



Christopher Clayton
Deputy Secretary
Chief Inspector of Taxes



Séan Moriarty
Assistant Secretary
Large Cases Division
Development



Paddy Dowling
Assistant Secretary
Customs & Excise
Collections Division



Frank Daly
Commissioner



Dermot Quigley
Chairman



Josephine Feehily
Commissioner

THE BOARD



Bobby Harrington
Assistant Secretary
Taxes Audit, Investigation &
Technical Services



Frances Cooke
Revenue Solicitor



Liam Irwin
Assistant Secretary
Collector-General



Michael O'Grady
Assistant Secretary
Direct Taxes Policy
Legislation & Statistics
Division



Gerry Kearney
Assistant Secretary
Accountant-General/
Corporate Management
Division



Norman Gillanders
Assistant Secretary
Capital Taxes
Division



John Leamy
Assistant Secretary
Taxes Customer Service
& Compliance



Niamh O'Donoghue
Assistant Secretary
Human Resources
Division



Paddy Donnelly
Assistant Secretary
Customs & Excise
Enforcement
Division

INTEGRATION OF GRADING STREAMS

It remains the view of Revenue's top management that the interests of the organisation would be best served if the Departmental Taxes and General Service Grading Streams in Revenue were integrated on general service lines. This would ensure maximum flexibility in deployment, better bring together the full range of knowledge and skills available within the organisation, and promote better career opportunities for staff. This objective was endorsed by the Department of Finance Review of Revenue conducted for the Public Accounts Committee. Integration can be achieved only with the agreement of all the parties involved. Detailed discussions with the relevant Unions are ongoing with a view to reaching a conclusion as early as possible.

PROMOTION TO PRINCIPAL

Revenue and the Association of Higher Civil and Public Servants (Revenue Branch) concluded an agreement in December 2000 for the introduction of a new fully competitive system for promotion to Principal. This system applies to all General Service staff at Assistant Principal level, including all former Departmental Customs and Excise staff.

ADMINISTRATION

Revenue, in common with other organisations, experienced an increase in turnover of staff largely attributable to the general success of the economy. The following table gives an indication of the turnover of staff in Revenue in 2000.

TABLE 29: HUMAN RESOURCE ADMINISTRATION

Staff Changes	Number of Staff
Staff joining Revenue on recruitment, transfer or promotion	606
Promoted or transferred from Revenue to other Departments	173
Promoted internally	264
Retired/Resigned	208

FAMILY-FRIENDLY WORKING INITIATIVES

In 2000, Revenue continued to recognise the increasing demand for family-friendly working arrangements. There was a significant increase in the numbers of staff who availed of term-time working and parental leave. Term-time working, which was introduced on a pilot basis in 1999, was extended to all staff in Revenue in 2000. We have also established a committee, through our partnership process, to pilot a scheme of homeworking.

TABLE 30: STAFF AVAILING OF ATYPICAL WORKING

	Number of Staff
Career Break	304
Job-Sharing	859
Term-Time Working	215
Parental Leave	228

RE-ORIENTATION OF THE EXISTING PERSONNEL FUNCTION

The Strategic Management Initiative/Delivering Better Government Report (SMI/DBG) recommends that "Departmental Personnel Units re-orient their activities and focus to

- Take a more strategic/developmental approach and
- Devolve responsibility for day-to-day human resource matters to line managers.

A new integrated Human Resources policy is being developed for Revenue in accordance with the requirements of SMI/DBG. This policy includes a number of strategies to ensure that the HR function fully supports the achievement of Revenue's business objectives.

In addition, consultants have been engaged to carry out an examination of the functions, structures, practices and systems of Personnel Branch and to recommend any necessary changes to ensure the delivery of a more effective service to internal and external customers. The consultants have been asked to validate existing practices against best Human Resource Management (HRM) practice, to advise on the re-orientation of the central HRM function in the context of the devolution of responsibility for operational matters to line managers and to develop a mechanism for the ongoing evaluation of the effectiveness of Revenue's HR strategies and processes.

DEVOLUTION OF RESPONSIBILITY FOR HUMAN RESOURCE MATTERS

Work on the integrated HR policy has paved the way for devolving more autonomy and responsibility for personnel matters to local managers; it facilitates the modification of the traditional model of a centralised personnel function in favour of a strategic, supportive and advisory one. The first phase of the Devolution Project began in June 2000, when a number of specific functions were rolled out to all line managers in Revenue. Implementation will continue on a phased basis, with support and training being provided to assist line managers to carry out their responsibilities.

HUMAN RESOURCES MANAGEMENT SYSTEM

It had become apparent in recent years that the computerised personnel administration system used by Revenue, in common with some other Departments and Offices, was no longer adequate to meet the growing needs of the Office. In December 1999, the Department of Finance, Revenue and the Department of Social, Community and Family Affairs signed a contract for a new management system. The product selected is the PeopleSoft Human Resources Management System (HRMS) and the implementation partner is KPMG Ireland. The HRMS will be of assistance in the overall management of our staff/human resources. It will be a pivotal support to the SMI/DBG Programme, particularly in relation to the new Performance Management and Development System and the devolution of responsibility for Human Resources functions to line managers. During 2000, a considerable amount of work was undertaken to develop and customise this product so that it fully meets the needs of Revenue and of the wider Irish Civil Service. This work is ongoing.

DEVELOPING OUR PEOPLE

THE PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM

The Performance Management and Development System (PMDS) was launched by the Taoiseach in May 2000. It is based on clearly identifying the role of each person in the organisation, and the range of competencies they need to fulfil this role. The system is designed to give each person clarity in terms of their objectives, their role and their career expectations; increased control in terms of their participation and development and the achievement of results; and the ability to contribute to the development and implementation of the Business Plan as an individual or as a team member.

In the introduction and implementation of the PMDS in Revenue, a significant amount of work was undertaken by our Partnership Structures. The Partnership Intensive Group on Human Resources, which acts as the Revenue PMDS Project Team, has continued to support the introduction of the PMDS and has developed a Guide to assist staff with different aspects of the system. Revenue has also assisted a number of other Government Departments with their preparations for the implementation of the PMDS.

Approximately 1,700 staff in Stage One received PMDS training in 2000 and began their first annual PMDS cycle with effect from the beginning of 2001. The PMDS was introduced to a further 2,500 staff in Stage Two, which began in May 2001.

A PMDS Quality Assurance framework is now in place for staff involved in Stage One. We will continue to learn from the experiences of those staff who are operating the system. We have already identified a number of aspects where improvements will be made as a result of feedback from the quality assurance process.

Training Brochure

Recognising that the Performance Management and Development System will be the key driver for the training and development requirements of our people in the future, we published a Training Brochure in 2000 which outlines the various options that are available to address the development needs of our staff.

Training Days

In view of the diverse nature of the work in Revenue, our training programmes and activities cover a wide range of competencies, including technical training, management and interpersonal skills and information technology skills. The amount of training delivered to our staff in 2000 is detailed in Table 31.

TABLE 31: TRAINING

Competency Area	Training Days
Technical Tax	12,213
Technical Customs and Excise	1,325
Management/ Interpersonal Skills	8,504
Computer End User	3,710
Computer Technical	3,050
Total Number of Training Days	28,802

CONTINUING EDUCATION

In 2000, we supported 251 staff who undertook studies in their own time which were directly relevant to the competencies that Revenue needs. We refunded a total of £182,705 in fees.

LIBRARY LEARNING CENTRES

In 2000, we continued to explore new training and development initiatives to support the programme of change in Revenue. One such initiative was to develop library learning centres, in locations where we have large numbers of staff, which provide a range of training solutions to the training and development requirements of staff in those areas. They provide staff with facilities for research and self-learning, and have both hard-copy and electronic information resources. The Library Learning Centres in Cork and Limerick were launched in September by Commissioner Josephine Feehily. A further centre will be developed in Dublin in 2001.

**TABLE 32: LIBRARY LEARNING CENTRE USER STATISTICS,
SEPTEMBER – DECEMBER 2000**

Format	Limerick	Cork
Computer-Based Training	367 Hours	470 Hours
Video Training	36 Hours	10 Hours

MANAGEMENT TRAINING PROGRAMME

An integrated Senior Management Development Programme for the Management Advisory Committee and all Principal level staff, which commenced in 1999, was completed in 2000. The Programme was designed to enhance the individual management skills of our senior management team and to facilitate the introduction of the Performance Management and Development System. The programme also focused on the pivotal role of our senior management in ensuring that all HR initiatives are successfully implemented in Revenue. As part of the programme, project teams consisting of groups of Principals were established to research, examine and make recommendations for improvements to a number of organisational issues in Revenue (e.g. how to promote better two-way communications throughout the organisation). Each project team was sponsored by an Assistant Secretary, and the recommendations of the teams will be followed through.

Revenue recognises the need to ensure that all our managers are equipped with the necessary skills to manage our people. It is intended to deliver similar development programmes to managers at every level by the end of 2003. A management development programme for all our Assistant Principal level staff will commence in autumn 2001.

